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The U.S. Race So Far: Clearly a Muddle

After 2 Rounds, No Candidate in Either Party Is an Outright Front-Runner. By Paul Taylor. WASHINGTON — "You may think I'm crazy, but the odds are now better than 50-50 that the Democrats won't know who their nominee is going to be until their convention."

Winners and Losers in New Hampshire



Table with 2 columns: Democrats and Republicans. Lists candidates and their percentages in New Hampshire primary.

American Abducted Near Tyre

Marine Colonel Heads UN Truce Force in Lebanon. By Ihsan A. Hijazi. BEIRUT — Gunmen kidnapped a U.S. marine colonel assigned to a United Nations observer group in southern Lebanon on Wednesday.



AUSTRIAN WINS GOLD — Hans Strolz skiing through a slalom gate on Wednesday on his way to victory in the Olympic combined event. Pirmin Zurbriggen of Switzerland, who was going for his second gold medal of the Calgary Games, fell in the second heat of the slalom. Page 8.

For Bush, Victory Restores Credibility

By R.W. Apple Jr. CONCORD, N.H. — Vice President George Bush has saved his political skin by winning the New Hampshire primary and set up what seems likely to be a prolonged struggle with Senator Bob Dole of Kansas for the 1988 Republican presidential nomination.

For Dukakis, Triumph Defies Old Jinx

By David S. Broder. MANCHESTER, N.H. — Governor Michael S. Dukakis of Massachusetts has won a record-breaking 17-percent point victory in the New Hampshire Democratic primary, virtually matching the combined vote of his two closest rivals for the presidential nomination.

Kiosk Afghan Rebels To Reveal Plan

ISLAMABAD, Pakistan (WP) — Afghan resistance leaders are expected to announce their formula for a new government in Kabul within the next week, a key step in the rapidly developing talks on the country's future, a highly placed Pakistani official said Wednesday.

Wary of Soviets, China and Japan, ASEAN Tightens Its Military Bonds

By Michael Richardson. KUALA LUMPUR, Malaysia — Wary of the growing military reach of the Soviet Union and China and fearing an expanded role for Japanese forces, non-Communist countries in Southeast Asia are intensifying cooperation to strengthen their own defenses.

Mild Winter Brings an Illusion of Well-Being to Romanians

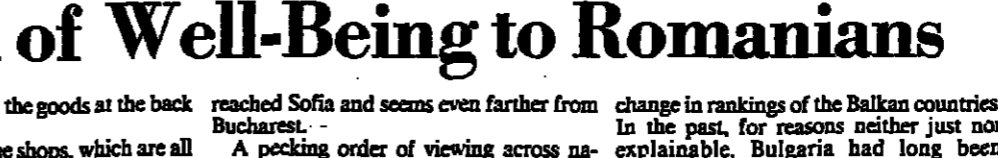
By Henry Kamm. BUCHAREST — An exceptionally mild winter, days on end of spring sunshine instead of the usual leaden skies of February, have brought an air of well-being to Bucharest. It is an illusion.

Ligachev Asks Reform Of Schools

By David Remnick. MOSCOW — The Communist party's chief ideologist, Yegor K. Ligachev, said Wednesday that the Soviet Union could not reform its economy successfully without "serious change" in the nation's educational system.



David L. Boren, head of the Senate Intelligence Committee, warns on U.S. missile surveillance. Page 3.



A CRACKDOWN IN SOWETO — Othenia Mohapi weeping outside her home in Soweto, the huge black township outside Johannesburg, after the police confiscated household goods in an effort to end a rent strike. The police also reportedly fired tear gas to break up a protest. Page 2.

Dow Jones and The Dollar in New York table with columns for Dow, Dollar, and other financial indicators.

Page 12 FOR MORE CLASSIFIEDS

U.S. Senators Seek Improved Missile Surveillance

By Susan F. Rasky
New York Times Service

WASHINGTON—Members of the Senate Intelligence Committee have warned the Reagan administration that current U.S. surveillance systems, unless modernized, will not be adequate to monitor Soviet compliance with a proposed treaty to reduce long-range nuclear missiles.

Senator David L. Boren, the chairman of the panel, said in an interview that members of the committee had recently expressed this concern to senior administration officials and had requested more money than currently planned for what Mr. Boren termed the modernization of "technological systems."

Mr. Boren, Democrat of Oklahoma, declined on Tuesday to state which systems needed to be upgraded, or how much additional money the panel members thought was needed. He cited the sensitive nature of the intelligence issues involved.

Technological systems are generally understood to include satellite surveillance.

Senator William S. Cohen, a Republican of Maine and the vice chairman of the committee, said through a spokesman that he shared Mr. Boren's concerns and that there was bipartisan consensus on the panel about the issues that Mr. Boren raised. Mr. Cohen declined to elaborate.

Mr. Boren, referring to the Strategic Arms Reduction Talks under way in Geneva, said, "What we have now is insufficient if there were to be a START agreement."

The Reagan administration is eager to complete such a treaty before the President Ronald Reagan leaves office.

Mr. Boren said that the intelligence panel had not requested any particular amount of additional money to cover the modernization, but rather was seeking a formal plan from the administration on where the money would come from and how it would be spent.

"It is clear the intelligence budget can't afford all that is necessary and neither can the defense budget," Mr. Boren said. "We may need a separate item."

Mr. Reagan was scheduled to submit his budget proposals for the fiscal year 1989 to Congress on Thursday. The intelligence budget that Mr. Boren referred to is classified, and amounts intended for use by intelligence agencies or for classified projects are scattered throughout the regular budget in accounts that cannot be readily identified.

Mr. Boren said he could not be specific about how much additional money the committee had in mind or what the impact would be on the budget deficit. "It would not be a budget shattering amount," he said.

A Democratic leadership aide, however, suggested that the amount would be sizable and that Democratic leaders want at least some of it reflected in the upcoming budget.

Also, Jeffrey T. Richelson, a consultant with expertise on satellite reconnaissance, said the type of modernization program Mr. Boren appeared to be suggesting could cost several billion dollars.

The Intelligence Committee is currently assessing the adequacy of the verification provisions in the treaty eliminating medium- and shorter-range ground-launched nuclear missiles from the Soviet and U.S. arsenals.

Senate leaders hope to bring the treaty to the floor for debate by mid-March after Mr. Boren's committee and the Senate Armed Services Committee submit reports to the Foreign Relations Committee, which has formal jurisdiction over the treaty.

Mr. Boren said he had no desire or intention to delay Senate action on the treaty by raising the verification concerns on the proposed long-range missile pact. But he added that he would be prepared to cite such concerns in the committee report if the administration did not come forward with the financial and policy commitment the panel is seeking on modernization.

■ **Bonn Pressed on Missiles**

Social Democrats in West Germany called Wednesday on Bonn to scrap some nuclear missiles arms before the treaty in intermediate range arms takes effect. The Associated Press reported from Bonn.

Hermann Scheer, a disarmament expert for the opposition party, said Bonn should respond to early Soviet missile cuts by dismantling its 72 Pershing-1A missiles.

The East German press agency ADN said Tuesday the Soviets had dismantled SS-12 nuclear missiles at a site 90 miles (145 kilometers) northwest of Berlin.

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For Finale, Reagan Has Eye on History

By Steven V. Roberts
New York Times Service

SANTA BARBARA, California—The Ronald Reagan Farewell Tour has officially begun.

Mr. Reagan's one-day meeting on Saturday with President Miguel de la Madrid of Mexico was the first of four foreign trips that the president is scheduled to make in the months ahead.

In March he is scheduled to go to a meeting of the North Atlantic Treaty Organization in Brussels; in May he almost certainly will go to Moscow; in June he is to attend an economic summit meeting in Toronto. In each case, he will be meeting a different set of foreign leaders, probably for the last time.

Mr. Reagan has never been an introspective man, and he generally prefers funny stories to philosophy. But at the age of 77, with 11 months left in office, his remarks are starting to be more reflective.

As he raised a toast to Mr. de la Madrid, who also will leave office within a year, Mr. Reagan told the Mexican president that "history will honor you" for economic achievement. Then he added, "I also believe, Mr. President, that you and I together have turned the relationship between the United States and Mexico in a new, more constructive direction that our successors can build upon."

That remark is part of another White House strategy: to spend a lot of time this year "taking credit" for what the Reagan administration has accomplished, as a White House official put it during the Mexican stopover.

Another official said that Mr. Reagan was looking backward more often these days and that the president would use his final

months in office to try to influence the judgments of history.

"It's inevitable that his comments will pick up that tone," the official said. "There's no way you can stop the clock. You are to the point that you talk about the things you've been able to do, the progress that you've made."

The Mexican trip was noteworthy for one of the more exciting moments in Mr. Reagan's recent experience. Mr. de la Madrid, who also knew that he was making a farewell toast to Mr. Reagan, seized the occasion to talk for 26 minutes.

It was about 3 P.M.; wine glasses were noticeable on the luncheon table, and as the Mexican president dined on, the U.S. delegation struggled to stay alert and awake.

The president's face became a rigid mask, as he fought for control. One of his aides, who was standing off to the side, caught the eye of Lieutenant General Colin L. Powell, the president's national security adviser, and gestured frantically at his watch.

But General Powell, like everyone else at the table, could only watch helplessly as Mr. de la Madrid plowed through his 14-page toast. Later, one aide said of the president, "I don't think he went all the way under."

When it was Mr. Reagan's turn, he read his own remarks in an equally soporific way. But just before he finished, the word "foundation" in his text plucked a chord of memory, and he started telling a story about his youthful experiences "digging foundations at a construction site."

The point of the story was not particularly clear to the audience, but as he told it, Mr. Reagan became suddenly alive, as if a switch

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Parts of New British Subs Begin Diving Too Soon

By Warren Getler
International Herald Tribune

LONDON—Two splashes in the night have caused Britain's Ministry of Defense acute embarrassment.

On the stormy evening of Feb. 5, a 60-ton, \$375,000 steel component of a Trident nuclear submarine plunged into the Irish Sea off the coast of Scotland, lost overboard from a cargo ship in turbulent passage. The next day, another piece of the state-of-the-art Trident slid into the sea from the deck of the same ship.

Britain is spending about £9 billion (\$16 billion) to replace its existing fleet of four Polaris submarines with four U.S.-designed Tridents, each of which carries 16 nuclear missiles. The new submarines are due to enter service in the mid-1990s.

The parts were lost when the cargo ship Skellig Rock encountered heavy seas on its passage from the River Clyde in Scotland to a construction site in Barrow, in northwest England. The Ministry of Defense said efforts were being made to recover the components, which include the forward dome structure of the sub and steel decking. The parts lie at depths of 160 feet and 50 feet (55 meters and 16 meters) off the coast of Scotland.

A Defense Ministry spokesman said responsibility for the recovery of the parts belonged to the Tridents' prime contractor in Britain, the VSEL Consortium PLC. "We don't own the Trident yet," the spokesman said. He said the Coast Guard would keep the recovery sites under surveillance.

A VSEL spokesman said: "These are four Trident submarines, but they are in essence simply big chunks of steel. There's nothing particularly sensitive."

ASIA: Closer Military Bond Sought

(Continued from Page 1)

will be available to U.S. forces after the basing agreement expires in 1991.

A polling organization in the Philippines said Tuesday that a majority of Filipinos no longer supported the long-standing American military presence.

A Pentagon report on long-term military strategy released in Washington last month warned that it was "far from certain" that the United States would be able to retain bases in the Philippines.

Analysts said that ASEAN countries were concerned at China's increasing capacity to extend its military power into Southeast Asia.

Indonesia and Malaysia regard China as a potential threat to regional stability, analysts said, while Singapore and Thailand see the Soviet Union and Vietnam as the main source of trouble.

However, the analysts added that all ASEAN countries—Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand—were concerned that the United States, as part of an effort to reduce its global military burden, might encourage Japan to play a wider role in Asian security to protect Japanese economic interests and those of the Western alliance.

Spurred by pressure from a Soviet military buildup in the northern Pacific and pressure from Washington, Japan has agreed to undertake primary responsibility for defending its territory, airspace and sea lanes out to 1,000 nautical miles.

Over the last five years, Japan's military spending has increased more than 5 percent a year after adjustment for inflation. In the fiscal year starting in April, it will amount to well over \$30 billion, higher than all nations except the United States and the Soviet Union.

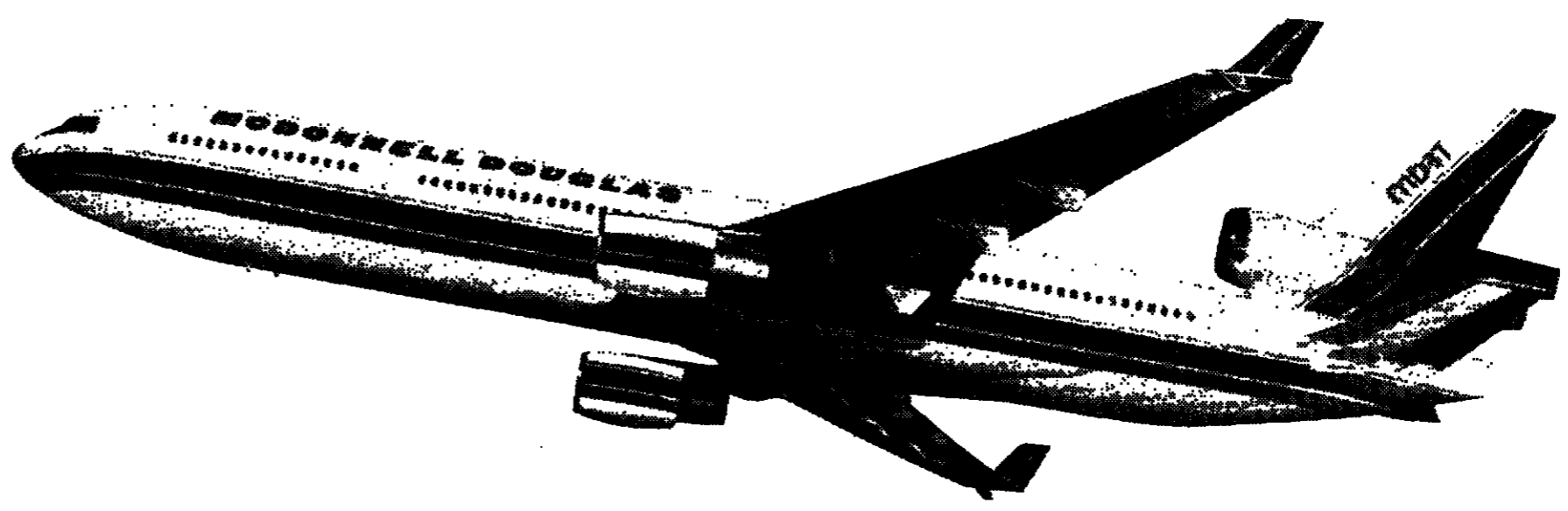
Prime Minister Noboru Takeshita has said the military budget will rise to 1.013 percent of gross national product in the 1988-89 fiscal year.

In a speech last month, James H. Webb Jr., the U.S. navy secretary, alarmed ASEAN officials when he said that Japan had "the resources and national interest to pick up more of the defense load in Asia."

Mr. Webb said he believed that Japan should include the defense of its sea lanes "even as far as the Indian Ocean," in interpreting the clause in Japan's post-war constitution limiting military activities to self-defense.

Six days after Mr. Webb made his controversial proposal, Gaston J. Sigur Jr., assistant U.S. secretary of state for East Asian and Pacific affairs, sought to allay ASEAN concerns.

He said in Kuala Lumpur that he wanted to lay to rest any anxieties that "Washington may be looking for a surrogate to assume our long-time security responsibilities in the region."



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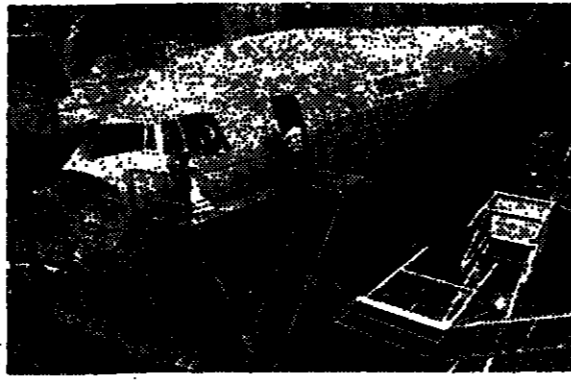
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BRIEFS

Over Gelli to Italy
The former chief of the...
Major Shortfall
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The two sides agreed Wednesday...
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UPDATE
The airline said they would...
ASIA: Closer Military Bond Sought
Continued from Page 1

INTERNATIONAL Herald Tribune

A Pause for the Dollar?

Have we entered a period of exchange rate calm, with a firmer dollar? Opinions differ. Policy makers profess optimism, as they are paid to do. Outside commentators are less cheering, but they earn their living by challenging official wisdom.

What can be said is that a further important fall of the dollar would probably be deeply unsettling for the world at large — just as unsettling as the oil shocks of 1973 and 1979. In the last resort, it is capital expenditure by industry that makes world prosperity go round.

The Debate in Israel

Almost every day, it seems, something new and frightful is reported on the West Bank and Gaza that brings Israel's occupation policy into deeper disrepute among Israelis and foreigners alike. Last week it was a report by American medical experts accusing the army and police of looting "an unrestrained epidemic of violence" in the last two months — the more than 50 deaths and several thousand beatings meted out to civilians there.

is a measure of truth to all these assertions, but none of them conceals the root truth: What Israelis are doing on the West Bank and Gaza is terrible and indefensible. There is no excusing these things, and many Israelis do not excuse them. Rather, they take the latest events and the international agitation they have stirred as occasion for a fresh look at what Israel must do to ensure a good and secure future.

A Refugee Emergency

Thailand's patience has snapped. After years of receiving refugees from Communist neighbors, it is now experiencing an unexpectedly large new flow from Vietnam. Officials and deputized fishermen are pushing the boats full of newcomers back to sea. More than 100 refugees have died. Now the U.S. State Department is considering an idea that would make the tragedy even worse.

the camp that receives Vietnamese is reduced by resettlement. Public passions in Thailand are rising against the refugee influx. This year the United States has agreed to admit 29,500 Southeast Asians. More than ever, Washington needs to show its commitment to upholding its end of this bargain. Yet State is pondering the opposite policy, cutting the number of slots for Asian refugees to make room for Soviet refugees.

Other Comment

A Good European Summit [Last week's] economic summit conference of the European Community in Brussels was characterized by give and take on all sides. With insolvency averted, the Community will emerge as a stronger force for economic integration, although in the not too distant future the funding level may again prove insufficient. Market unification, legal harmonization and welding 12 very different countries into a single community certainly will remain a difficult challenge, and excessive euphoria over the outcome is still premature. However, the prospects for integration are much better now than they were a few days ago. The Brussels summit meeting promises to go down in history as one of the European Community's more important successes.

problem was subsidies on grain production. Last year alone such spending increased 20 percent. These subsidies were rapidly becoming unbearable. Farm subsidies were eating up almost 70 percent of the Community's annual budget. Drastic change was as difficult as it was necessary; two previous summit conferences had fondered on this issue. The new agreement is a long way from perfection, but the progress is genuine, and Europeans have a right to cheer.

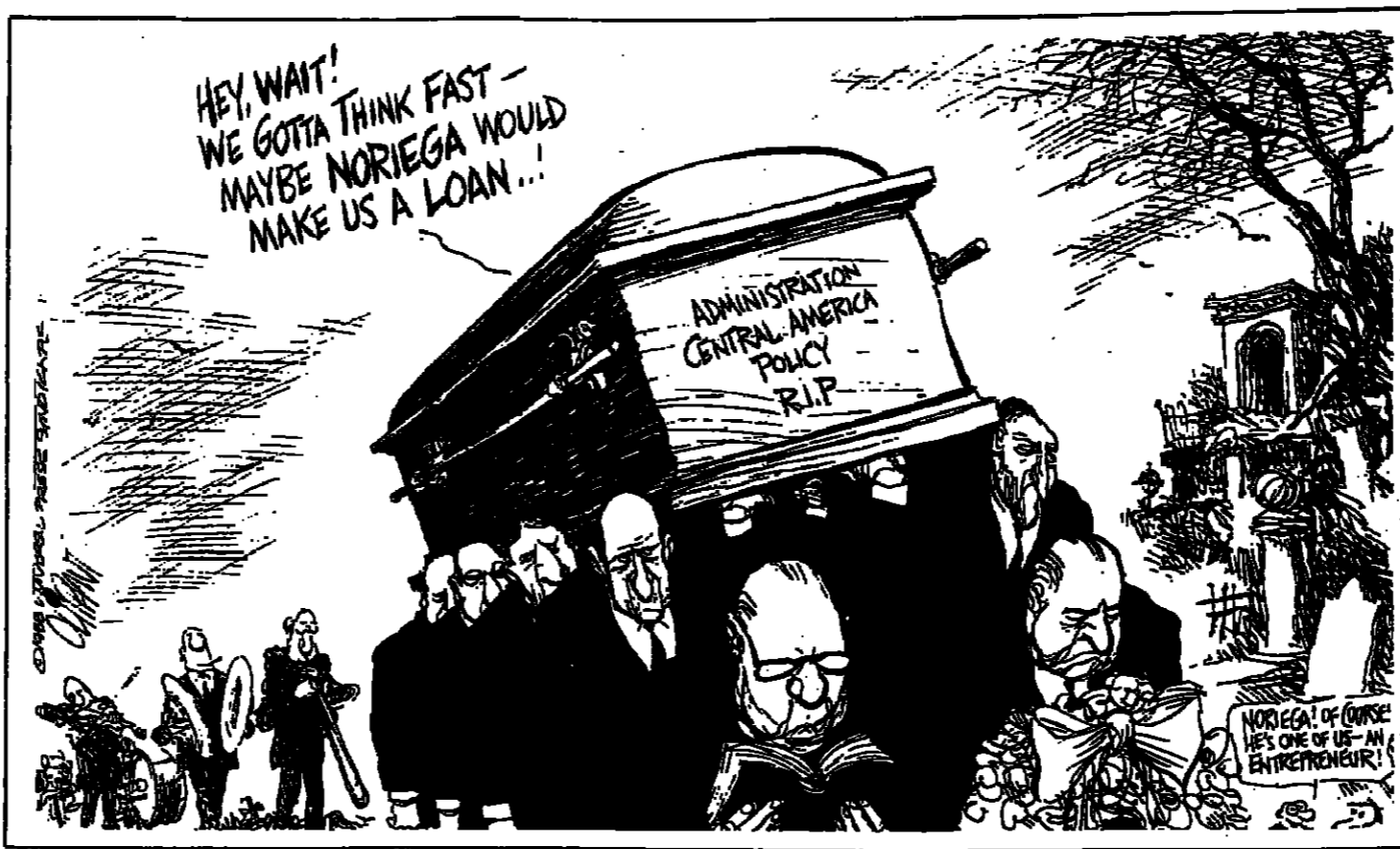
It finally looks as if the long struggle to reform the Economic Community is bearing fruit. A fatal crisis of confidence in the institutional focus of West European economic unity has been averted. It took three days of heated argument and judicious compromise to put the Community firmly on the road to change. The heart of the

Stuck With Waldheim? No way has been found of piercing the unyielding carapace of complacency that enables Kurt Waldheim to insist on remaining president of Austria after an international inquiry set up at his own request concluded that he committed at war crimes. His belief that the maintenance of his crippled presidency transcends not only the good name of his country but also the survival of Chancellor Franz Vranitzky's government looks bizarre. Mr. Vranitzky may yet resign if the row does not die down. But it would be a perversion of justice if he left while Mr. Waldheim stayed.

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OPINION



Ortega Mutes His Rhetoric

By Flora Lewis

MANAGUA — President Daniel Ortega Saavedra still wants talks with the United States, although his Sandinista regime is committed now to direct cease-fire negotiations with the contra.

Britain, to Spite Its Face, Cuts Off Its Space Future

LONDON — Just as the United States re-established its own priorities in space last week, making a moon station and a journey to Mars its goals, Britain quit the space race.

By William Pfaff

off. For gross investments in basic and long-term national research, whose full implications and eventual rewards can never be known at the start, government investment has always been necessary. The U.S. space program was no private enterprise.

Presto, Satellite Launchers for the Third World

LOS ANGELES — Once the Senate ratifies the INF Treaty, the two superpowers can finally face the task of actually eliminating more than 800 short- and intermediate-range ballistic missiles.

By William C. Potter

missiles by third countries, but the trade-off could be enormous. The direct and indirect benefits of using the missiles to launch satellites for developing countries could be great, with telecommunications being the most obvious example.

Trade Machismo: Good Politics but Bad Economics

WASHINGTON — Give Richard Gephardt credit. He has crystallized a nagging issue. Most Americans feel bewildered and threatened by an increasingly competitive world.

By Robert J. Samuelson

follow; everyone would be grateful to them for creating prosperity. It has not quite worked out that way. The process of promoting democracy and economic growth fostered global competitors and subverted American power.

Better to Wait Than to Flail

THE time has come to put in a good word for political paralysis. When the choice is between paralysis and ignorant flailing in the dark, the charms of torpor take on appeal.

changes meaning in subtle ways with the rise of the supranational company, led by such U.S. giants as Ford and IBM.

100, 75 AND 50 YEARS AGO

1888: Odds at Whist PARIS — A London contemporary has got up a discussion as to whether the odds against a player holding the whole thirteen trumps at whist are 158,753,389,899 or 158,753,389,900 to 1. We do not see any money in this, as, according to another authority, "straight flush" thirteen-trump whist hand would only be held once in 434 years, if only a million hands were played per day.

1913: A Vision of Hope

NEW YORK — Helen Keller, the famous deaf and blind girl, made her debut as a public speaker in Montclair recently, when she delivered a

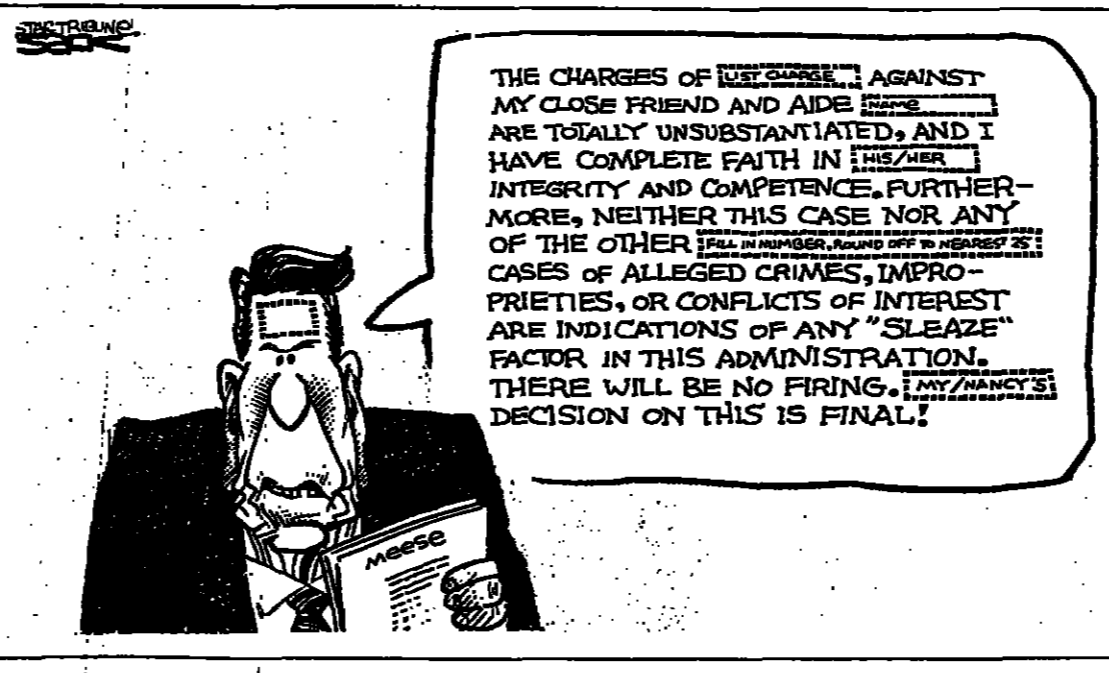
While Republic Democrats Can... IN SIN WHERE ELSE One of...

OPINION

While Republicans Agitate, Democrats Can Shift Gears

By George F. Will

WASHINGTON — In 192 hours between the beginning of Iowa's caucuses and the close of New Hampshire's polls, fewer than 500,000 voters decisively shaped America's choice. On balance, the Democratic Party benefited.



Impressive in New Hampshire: Bush and Gephardt

By David S. Broder

ATLANTA — In the long, tough and immensely healthy contest that lies ahead before the presidential nominations are settled, the candidates who will prevail are those who can best deal with the unremitting pressure.

Beware of This Compulsion To Make Us All Be Healthy

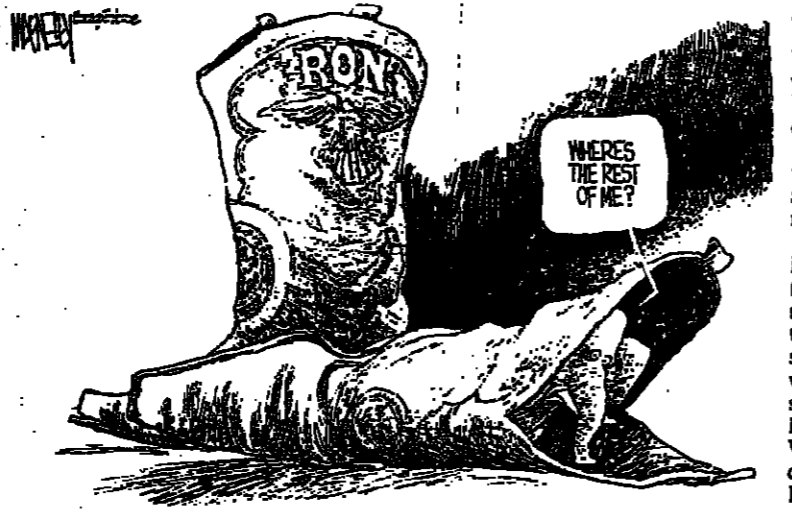
By Barry Glassner

NEW YORK — The tobacco companies are at long last getting their. Across the United States, municipal authorities are enacting anti-smoking laws. One-third of all American corporations have instituted nonsmoking regulations.

When the nation is at peace and the economy is performing adequately and there is no polarizing issue like civil rights, political strategy is inevitably proportional to sincerity.

My theory of what happened in New Hampshire, for what it is worth, is that the dynamics of the Republican race repeated those of 1980.

MEANWHILE. So why do I find myself worried because Hunter College where I spend a good bit of time, has instituted tough regulations against smoking? Frankly, I worry that one day the college authorities may go after me. I don't do some of the things that many people think I should do.



LETTERS TO THE EDITOR

Resistance Rankings. The Washington Post editorial "Vietnam Moves Slowly" (Jan. 25) stated, among other things, that Prince Norodom Sihanouk was the "veteran leader of the weakest resistance faction" in Cambodia.

Exclusion in Japan. Richard Reeves' column "Japanese Don't Hand Over to Roman Commissions" (Opinion, Feb. 12) was a refreshing change from the partisan didacticism that seems to be infecting the U.S. media these days.

How would you like your bath, Sir?

Advertisement for Spain's beaches. Includes photos of Mallorca (26.5°), Tenerife (25°), Benalmádena (24.5°), Benidorm (Alicante) (27°), Costa Brava (Gerona) (24.5°), and La Lanzada (Pontevedra) (20.5°). Text: "In Spain you won't only have the luxury of choosing amongst never-ending beaches with tiny coves, palm beaches, solitary beaches or beaches filled with amusements and even live entertainment."

Advertisement for Shangri-La International. Text: "SHANGRI-LA INTERNATIONAL. IN SINGAPORE. WHERE ELSE BUT THE SHANGRI-LA. One of the world's best hotels. Shangri-La hotel." Includes phone numbers for various locations.

Ortega... Flora Lewis... Hoover Again... (Vertical text on the left margin)

In Opening Political Doors, Tunisian Finds Some Problems

By Jim Hoagland
Washington Post Service

TUNIS — Dominated for 30 years by the force of one man and the political institutions he created in his image, Tunisia is today adjusting to having a government headed by half a dozen strong personalities who are debating with one another over the directions this North African nation should take.

The debate is directed and contained by the new Tunisian president, Zine al-Abidine Ben Ali, who is in turn adjusting to the paradox of finding that the strongest initial resistance to the political changes he has outlined comes from the national political party that he now heads rather than from his government's declared Islamic and secular opponents.

Mr. Ben Ali took power on Nov. 7, deposing Habib Bourguiba, the

elderly and incapacitated founder of modern Tunisia, through constitutional means. He also appointed himself head of the party created by Mr. Bourguiba, the Destourian Socialist Party, which is the only political body represented in the country's parliament.

By promising to open up the political process and establish a genuine multiparty system, Mr. Ben Ali and the political technicians he has brought to the top of government have created resentment and dismay in the top ranks of the party, which is accustomed to running elections and taking the pick of government jobs.

Opponents who praise Mr. Ben Ali for freeing thousands of Tunisians locked up in Mr. Bourguiba's final chaotic months say the clearest test of his commitment to restoring democracy will come in his

willingness and ability to confront the party and, if necessary, risk splitting it.

They cite with concern reports of electoral fraud in the four legislative by-elections on Jan. 24 in which Destourian candidates won by their customary margins.

"We welcome the changes Ben Ali has brought, but we still wait to see if it was only a change of leaders or if it really was a change of regime," said Khemais Chamari, a member of the opposition Movement of Socialist Democrats and a human rights campaigner. "The president says he is aware that there were 'excesses,' but we want to know if he has the willingness to do something about it."

In an interview last week, Mr. Ben Ali said old-guard party leaders were showing "a certain reluctance" over the political and press

changes he is pushing. "We will have problems," he said, "but not serious ones."

Mr. Ben Ali is moving toward a party convention this summer that is likely to be decisive in his attempt to put his own stamp on an organization that is thought to have about 500,000 members. He is also expected to advance the elections for a new parliament that are now due in 1991.

His point man in this effort is his prime minister, Hedi Baccouche, who said in a separate interview that the party "needs to attract intellectuals, young people, and people of all parts of society."

Mr. Baccouche, a senior civil servant who held key diplomatic, party and cabinet posts before being elevated by Mr. Ben Ali to the prime minister's post in November,

emphasized that the party would also reach out to Islamic moderates, who were anathema to Mr. Bourguiba and thus to the party in recent years.

Mr. Baccouche and the new foreign minister, Mahmoud Mestiri, a career diplomat who was most recently Tunisia's chief delegate to the United Nations, are portrayed by Western diplomats as being the driving forces behind many of the changes that have been enacted or under consideration.

They have also played the key roles in putting into effect a more activist Tunisian foreign policy and particularly the decision to renew ties with Libya. The two countries will do away with requirements for visas for their citizens on March 19, much to the discomfort of U.S. diplomats, who say they fear that Libya's leader, Colonel Moammar

Gadhafi, will now find it easier to carry out destabilization and assassination efforts inside Tunisia.

Also uncomfortable with the easing up on Moslem fundamentalists and on Colonel Gadhafi is the Tunisian interior minister, Habib Ammar, who is like Mr. Ben Ali, a U.S.-trained military man and who was head of the national guard at the time of the Nov. 7 takeover.

"There seem to be two groups, the security side of the house and the watch-my-footwork side of the house, on these issues," a Western diplomat said. "There is no doubt that Ben Ali makes the final decision, however. And he tends to the view that you need to have order before you can have a political dialogue. The reforms will go ahead as long as he doesn't have to choose, but that could change if he runs into trouble."

Richard Feynman, 69, A-Bomb Physicist and Nobel Laureate, Dies

The Associated Press
LOS ANGELES — Richard P. Feynman, 69, a Nobel Prize-winning physicist who worked on the development of the atomic bomb in World War II and helped investigate the 1986 Challenger space shuttle disaster, died Monday.

Mr. Feynman, who had been a professor of theoretical physics at the California Institute of Technology since 1950, died of complications of a long illness, said a spokesman for the institute.

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most illuminating and, characteristically, the simplest.

These were his four greatest scientific achievements, but he also left a deep mark on modern physics as an educator and an author.

At Cornell University in the 1940s and then in a long career at the California Institute of Technology, Mr. Feynman developed a unique lecture style, an impossible combination of the theoretical physicist and circus barker, all body motion and sound effects.

One series of lectures was collected and published in a set that remains an indispensable physics text, "The Feynman Lectures on Physics." Another series became an eloquent book, "The Character of Physical Law," and yet another became "QED: The Strange Theory of Light and Matter." His 1985 memoirs, "Surely You're Joking, Mr. Feynman," became one of the year's most surprising best sellers.

Above all, he was never content with what he knew or what other people knew. He taught himself how to fix radios, pick locks, draw nudes, speak Portuguese, play the bongos and decipher Mayan hieroglyphics. He pursued knowledge without prejudice, studying the tracking ability of ants in his bathtub and learning enough biology to study the mutation of bacteriophages.

Richard Phillips Feynman was born in Far Rockaway, New York. After graduating from Far Rockaway High School in 1935, he went on to the Massachusetts Institute of Technology and then to Princeton, where he received his doctorate in 1942. By then he had been recruited for the Manhattan Project to build an atomic bomb.

Mr. Feynman said he was possibly the only man confident enough or reckless enough to watch the first atomic bomb test with the naked eye, protected only by a truck windshield. He decided that the only harm could come from ultraviolet rays and that the window glass would screen those.

Brilliant and Brash

By James Gleick
New York Times Service

Mr. Feynman was arguably the most brilliant, iconoclastic and influential of the postwar generation of theoretical physicists.

An architect of quantum theories, a brash young group leader on the atomic bomb project and the inventor of the indispensable "Feynman diagram," he took loose conceptions of matter and energy in the 1940s and shaped them into tools that ordinary physicists could understand and calculate with.

Although his handiwork permeates the foundations of modern science, millions of American only heard his name for the first time in 1986, when he brought an inquisitive and caustic presence to the presidential commission investigating the explosion of the space shuttle Challenger.

Early on, he stunned a Washington hearing room by calling for ice water, plunking in a piece of the critical O ring seal from the rocket booster and then pinching it with a small clamp. The seal took a crucial few seconds to recover its shape. It was a turning point in the investigation—a simple experiment, taking half a minute and no money, that demonstrated the vulnerability of the seal.

Mr. Feynman shared the Nobel Prize in physics for work he completed in his 20s, remarking the theory of quantum electrodynamics, which governs every physical and chemical process except those embracing gravitation and radioactivity. He could have won it again, many believed, for work with Murray Gell-Mann that created a theory for weak interactions, describing such phenomena as the emission of electrons from radioactive nuclei.

He also provided a mathematical theory that explained the strange behavior of liquid helium at absolute zero. And later, exploring the behavior of electrons in high-energy collisions at the Stanford Linear Accelerator Center, he provided an explanation that proved to be the

Alain Savary, 69, Former French Minister

PARIS (AP)—Alain Savary, 69, a former education minister whose controversial plan to bring Roman Catholic schools under state control sent more than a million protesters to the streets, died Wednesday. He had been hospitalized with a serious infection. No other details were available on his illness.

As education minister, Mr. Savary proposed a bill in 1984 that attempted to institute President François Mitterrand's campaign promise to revamp the private schools, which are mostly Catholic.

In Guatemala, Terror Persists Despite Civilian Leadership

By Stephen Kinzer
New York Times Service

SANTIAGO ATITLAN, Guatemala — Set providentially beside one of the world's most beautiful volcanic lakes, yet shaken by unending cycles of terror and death, the village of Santiago Atitlan is an apt metaphor for Guatemala.

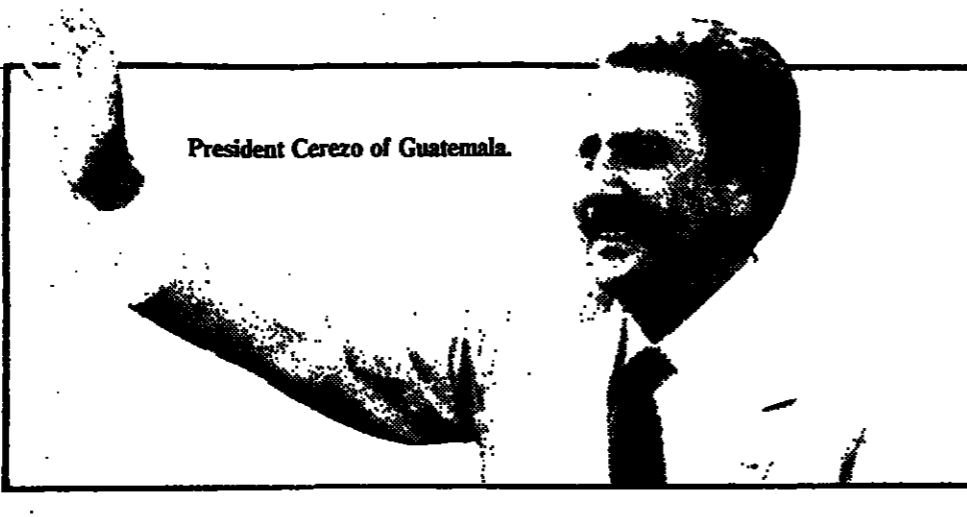
The inauguration in 1986 of a civilian president, Marco Vinicio Cerezo, raised hopes that Guatemala might be emerging from its hell of street-corner murders and midnight abductions. But the new era has yet to dawn and the savagery for which the country has become infamous still dominates public and private life.

In Santiago Atitlan, a death list with the names of more than 100 local residents began circulating late last year. It reportedly was drawn up by Marxist guerrillas, but many say they believe it was the work of experienced killers linked to the army or the police.

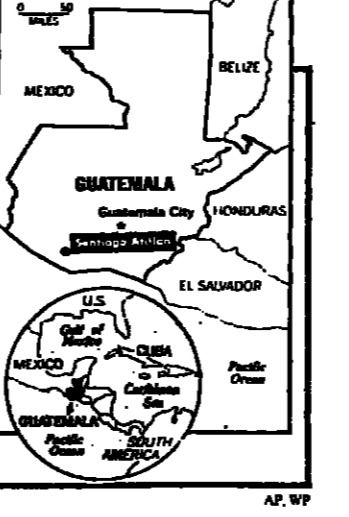
At least three persons named on the list have been killed and others have fled. So many teachers abandoned the nearby hamlet of Cerro de Oro that the school there has been closed.

"There is violence and fear of violence everywhere," said the local school superintendent, Gerardo Mendez Avila, who acknowledges being afraid, even though his name is not on the death list. "I just tell myself that my job is to educate children, and I try to do it as best I can under the circumstances."

Across the Santiago Atitlan town square, the mayor was less forthcoming and perhaps more prudent. In an interview that he plainly was anxious to end, he said he had not heard of a death list, did not know how many local residents had been



President Cerezo of Guatemala.



organized private sector. Despite his success in stabilizing the currency, curbing inflation and starting to bring Guatemala out of international isolation, many business leaders fear he is opening a door to Marxism.

In December, the last month for which figures are available, there were more than 170 killings, making it the most violent month since Mr. Cerezo assumed the presidency. Human rights workers estimate that as many as half the killings are political in nature.

Guatemala's campaign to emerge from its notoriety has been hindered not only by the continuing killings, but also by the fact that more than 100,000 refugees, mostly Indians, remain in camps in Mexico, afraid to return to their homes. Most fled in the early 1980s, when a counterinsurgency campaign took more than 10,000 lives and resulted in the destruction of several hundred villages.

Foreigners who work with the refugees say that some parts of the country are, at least for the moment, safe for those who want to return. But where the army is no longer killing Indians, the age-old question of land, which is a matter of life or death in Guatemala, is still overwhelming. Half the country's arable land is owned by 3 percent of the population, while some estimates make the distribution of land in Guatemala more unequal than in any other country in the Western Hemisphere.

When Indians fled to Mexico, much of their abandoned land was given to others, usually impoverished peasants from other parts of the country. As the refugees begin to return, they often find new tenants unwilling to give up the land.

murdered this year, could not guess who might be responsible and had no idea why the school in Cerro de Oro was closed.

Soldiers normally stay off the streets of Santiago Atitlan, an artisan town in southern Guatemala where foreign tourists often arrive by boat to buy native handicrafts. But not far down the dirt highway at San Lucas Totliman, soldiers dressed in camouflage uniforms and carrying Israeli-made Galil assault rifles are a common sight.

Other parts of the country also are heavily militarized. In the northern province of Quiché, a major anti-guerrilla offensive began in October and more than 2,000 rural Indians have moved to towns for fear of what might happen to them in the countryside.

"Nothing has changed around here," said a religious worker based in the area. "The soldiers are in

complete control and no one can question them. Innocent people are still being killed and planes are bombing all the time."

The Guatemalan terror traditionally has been a mixture of mass killings in the countryside and selective assassination in cities. The number of victims has declined since Mr. Cerezo took office, but the patterns remain unchanged.

Recently, a family and friends buried Ana Elizabeth Paniagua, 25, at a cemetery in Guatemala City. She had been grabbed off the street a few days earlier by armed men driving a van with darkened windows, thought to number fewer than 1,500, are not strong enough to endanger the country's political or economic stability.

Some Guatemalans expected Mr. Cerezo to challenge the power of the army, but instead he has chosen to reinforce it. He is rarely

seen in public without at least one officer at his side and he has tacitly recognized the army's right to set its own standards of conduct.

The minister of defense, General Héctor Gramajo Morales, confirmed in an interview that the government was bombing suspected guerrilla hideouts.

"We've done a lot to remove the population that was under guerrilla control," he said. "We are using artillery and we are using aviation. We drop bombs, but only where we know there is no population."

In exchange for his vigorous support of the army, Mr. Cerezo has won crucial protection against landowners and businessmen seeking to overthrow him.

"Every eight days there is an attempted coup," a Cerezo aide said. Mr. Cerezo's efforts to revise the tax structure have aroused venomous opposition from the well-

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Colonel Is Held

... working for the ... and Works Agency for ... refugees were sent ... on Feb. 5 ... and are still ... UN sources said they ... were being held by ... elements within Yasser ... Palestine ...

Burkina Faso Denies Exit to Mrs. Sankara

... AGADOUGOU, Burkina Faso — Authorities here ... of the assassination ... Captain Thomas ... this West African ... Upper Volta ... Mrs. Sankara ... Auguste and ... to flee the ... he ... his close friend ...

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SPORTS

Temple and Pitt Win by 1

The Associated Press PHILADELPHIA — Thanks to a couple of freshmen, top-ranked Temple and No. 8 Pitt were successful in one-and-a-half situations Tuesday night.

Owls, who were held to their lowest output of the season on 16-of-50 (32 percent) shooting. "Our offense was absolutely horrible. We got no output from only one player."

75 seconds from first-year player Jason Matthews to hold off Providence 87-86 in the Big East.

TV's Cosby Truly Owl-ish

The Associated Press PHILADELPHIA — Television and top ratings are nothing new to Bill Cosby, who figures the two go hand in hand for his alma mater's basketball team.

in Philadelphia. Before, they might not have gotten an answer.

Tony Ward's lay-up with 1:35 to play gave Penn State a 69-47 advantage. But Macon, who scored 26 points, then drove for his tying basket.



Pittsburgh's Charles Smith, left, and Steve Wright of Providence started tangling at Tuesday night's opening tip-off. Each was his team's high scorer; Pitt won the Big East Conference game, 87-86.

Temple University is atop the news agency polls for the second straight week, and the star of The Cosby Show said Tuesday the new exposure may help Coach John Chaney's Owls stay among basketball's elite.

"Clearly what I'm hoping for is that this will get Coach Chaney the kids academically and physically what he's looking for," said Cosby, a former Temple football player.

Meanwhile, Pitt, which beat Providence by 34 points three weeks ago, had to come from behind three times in the final minutes.

cats, who snapped a two-game losing streak, outscored the Buffaloes by 21-15 at the start of the second half for a 61-42 advantage with 9:07 remaining.

Home Ice

of firing away at the opposition. This year we had 60 tough games. Sherven said, referring to Bruins. "When you have to be disciplined and patient through you learn how to play games."

Elsewhere

In Manhattan, Kansas, Mitch Richmond scored 28 points to lead Kansas State to an 83-65 Big Eight victory over Colorado. The Wild-

Pro Leaders

1. Mats Wilander, 574,977, 2. Stefan Edberg, 569,399, 3. Pat Cash, 525,496, 4. Yannick Noah, 448,898, 5. Ramesh Krishnan, 327,024, 6. Andrei Cherkasov, 324,179, 7. Michael Schapery, 304,574, 8. Mikolaj Patryk, 224,221, 9. James Swenson, 222,282, 10. John Fitzgerald, 208,122.

WASHBURN

1. Pam Shriver, 517,200, 2. Steffi Graf, 514,462, 3. Martina Navratilova, 514,079, 4. Chris Evert, 503,000, 5. Claudia Kohde-Kilsch, 447,254, 6. Helena Sukova, 377,459, 7. Patty Fendick, 323,784, 8. Jana Novotna, 272,399, 9. Zina Garrison, 271,771, 10. Anne Kistler, 250,234.

Good Rock

ally: throw the final, most rocks each inning. Sweeping in from the ice, causing the goalie to alter direction.

Scoreboard

Table with columns for Basketball, Transition, Hockey, and Tennis. Includes NBA Standings, U.S. College Results, Baseball, Hockey, and Tennis results.

Home Ice

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The NCAA's Pursuit of Violations: Ex-Field Agent's Cautionary Notes

By Julie Cart Los Angeles Times Service SAN FRANCISCO — National Collegiate Athletic Association investigations and probations are to university athletic programs what death and taxes are to the rest of us: seemingly unavoidable.

calling card more, you know where to come." The coach's explanation was that when he's excited, as he is when he's giving a recruiting pitch, he has a tendency to fiddle with his hands.

room one night and the coaches were cleaning out his dresser. The kid said, "What's going on?" The coaches said, "You're gone, you're history. You don't like it, we'll report you for drugs."

Much has been written about investigations and infractions, but what do we really know about the process? Mike Gillerman, named commissioner of the West Coast Athletic Conference in January 1984, had been with the NCAA since 1976 as an investigator and then as assistant director of enforcement.

He keeps his money in a money clip and attached to the clip is a fingernail grower. It's common for him to fidget with it when he's talking. He said he could well have gestured — they probably saw him gesture and they saw the money in his hand.

I got a call from an attorney who just happened to be playing basketball with the kid one night. The lawyer said, "I don't know the kid, but he described the situation to me and it doesn't sound kosher to me."

Occasionally a parent would call us and say, "My son is telling me this stuff and I don't think it's right. They [coaches] said that he doesn't need to worry about school or clothes or a car. And that doesn't sound right."

There are some amazing people out there. They are used to buying and selling anyone and anything in their business, and they can't understand why they can't buy and sell athletes.

I was able to find people at the JCs who were opposed to this kind of thinking. So I got into open warfare with two JCs. Finally ended up getting the test that the kid allegedly took to get his credits. I looked at it and said, "This is fine, except the kid's name is typed up at the top."

Q: What was the most serious accusation you knew was true but couldn't prove? A: This one annoyed me a lot. A college coach went to a high school, met in the coach's office with two recruits and the coach.

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Sporting Life in England, Roughly

Combining elements of soccer, rugby and free-lance mayhem, the 1988 Ashbourne Royal Shrovetide Football match (above) began Tuesday in the Derbyshire market town of 5,000 right on schedule.

leather ball slightly heavier than a soccer ball, the teams make for their respective goals — huge outdoor grindstones, two miles apart, at the opposite ends of town. With players often forming U.S. football-style flying wedges to protect the man with the ball, the means of reversing the flow of play is left to the opposition's no-holds-barred imagination.

Tennis

1. Mats Wilander, 574,977, 2. Stefan Edberg, 569,399, 3. Pat Cash, 525,496, 4. Yannick Noah, 448,898, 5. Ramesh Krishnan, 327,024, 6. Andrei Cherkasov, 324,179, 7. Michael Schapery, 304,574, 8. Mikolaj Patryk, 224,221, 9. James Swenson, 222,282, 10. John Fitzgerald, 208,122.

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SCIENCE

IN BRIEF

The U.S. vs. AIDS: A Patchwork of Efforts

Snow May Affect El Niño, Monsoons

WASHINGTON (UPI) — Snowfall in Europe and Asia may have global effects not suspected before, influencing the Asian monsoon, weather in North America and El Niño events...

Genetics Used to Fight Crop Diseases

ST. LOUIS, Missouri (UPI) — Scientists who created a tomato resistant to a virus that often kills the fruit believe the same type of genetic engineering can be used to develop tougher crops...

The Missing Link in Avian Evolution?

LAS HOYAS, Spain (NYT) — The fossil of a small bird found in central Spain has brought to light a previously unknown branch of the family tree of birds, paleontologists report...

Gene Makes Biological Clocks Tick

WALTHAM, Massachusetts (AP) — The fruit fly has provided researchers with a key piece of evidence to help unravel one of life's largest mysteries — how the biological clock works...

By Bruce Lambert New York Times Service

NEW YORK — The United States is confronting AIDS in 1988 with a new sense of realism and a surge of activity by a broad range of public and private groups...

Despite the welcome shift to activism, experts warn that the nation desperately needs an even greater effort to halt the spread of AIDS and to prepare for the inevitable flood of patients...

"We're still running behind the virus," said New York City's health commissioner, Dr. Stephen C. Joseph. The University of Michigan's dean of public health, June E. Osborn, said, "Things we're doing now should have been done two years ago."

Acquired immune deficiency syndrome is posing troubling issues throughout society. Theologians debate about condoms, courtroom officers demand rubber gloves, television producers must safe-sex themes, dating services offer to match singles who have passed the antibody test and officials clash over giving clean needles to drug addicts...

In the perceived absence of strong federal leadership, other forces are filling the vacuum: state and local governments, hospitals, physicians, private groups and businesses. The result is an emerging patchwork of laws, regulations, health care and educational measures and efforts by governments at every level as well as by voluntary and self-help groups...

The most glaring weakness in the response, experts say, is the lack of effective action to curb the spread of AIDS among drug addicts, their sex partners and babies. Still, as the epidemic enters its eighth year and the caseload has surpassed the 50,000 mark, health authorities, advocates for AIDS victims and public officials see signs of a nation finally mobilizing...

Nearly 600 AIDS-related laws have been proposed across the country, 90 of them enacted last year. Some political leaders are taking a harder line on issues like mandatory testing and tracing of sexual and needle-sharing contacts of those found infected, measures that many health experts fear will be counterproductive. But voluntary measures favored by health professionals, such as AIDS education, are also growing rapidly...



Dr. Malcolm Martin discusses X-ray film used in AIDS vaccine research with Rosanood Rutledge.

experts say scarce funds for AIDS prevention would be better spent on high-risk groups. More extreme proposals are pending, including one to authorize Missouri courts to order testing based on anonymous telephone tips, and another to test every resident of Virginia over the age of 5.

WHILE many experts believe federal medical institutions have done a good job of tracking the epidemic and mounting scientific research, many also say the government has neglected issues of prevention, civil rights and care of patients. "A centerpiece of the AIDS problem has been the lack of a coherent, cohesive and well-thought-out national policy," said Dr. Lonnie R. Bristow, a trustee of the American Medical Association...

Fragmented responsibility for AIDS has resulted in a chaotic mix of policies, replete with contradictions, duplication, gaps and disparities. What is required teaching in one school may be banned in a neighboring community. Condoms are distributed free to homosexual men in New York City jails, but are contraband in New York state prisons...

of physicians to treat AIDS patients. Geography no longer offers sanctuary from the virus. AIDS, once viewed as an exotic New York-San Francisco disease, then as an urban disease, is now everywhere to some degree.

"We hear of the smallest hospitals in the smallest rural towns seeing AIDS cases," said Mary Lou Johnson, administrator of Colorado's state task force on AIDS, one of 40 such panels sprouting around the country. New York's state health commissioner, Dr. David Axelrod, said, "The rest of the country is unfortunately catching up with us."

Governor George Sinner of North Dakota said, "We are in a position to learn from the tragedies of New York and California." With only seven cases, his state issued a 131-page "Plan for Action" of education, confidentiality, non-discrimination and testing of prisoners, prostitutes and marriage applicants.

Adding to the sense of urgency is the fading hope for a magic bullet for a cure or vaccine, said Kristine M. Gebbie, Oregon's health commissioner, who is a member of Mr. Reagan's panel. SURVEYS indicate Americans are better informed and their mood is shifting from fright to concern. A recent Gallup poll found 87 percent of the respondents expressing compassion.

Singles night at the Village Presbyterian Church in a suburb of Kansas City, Missouri, devoted its Tuesday night program throughout January to AIDS presentations, attracting rap crowds of hundreds. The speaker, Virginia E. Allen, heads a local AIDS agency, the Good Samaritan Project. "My first speech on AIDS, in 1985, was in an auditorium set up for 200 people, and only six showed up," she said. But now the program is in hot demand, with 669 presentations last year and 1,500 expected this year.

AIDS: Who is Infected?

Extrapolating from a variety of past surveys, Federal health agencies have made very rough estimates of the prevalence of infection with the AIDS virus in the American population.

Table with 4 columns: Category, Estimated number infected in U.S., Proportion infected with AIDS virus, Estimated number infected. Rows include: Homosexual men, Bisexual men and men with high frequency of heterosexual contacts, Regular intravenous drug users, Occasional intravenous drug users, Hemophilia B patients, Hemophilia A patients, HIV seropositive without specific identified risks, Others, including heterosexual partners of people at high risk, TOTAL.

Source: Gallup for American Council on Education

Leadership can help allay such fears, asserts Dr. Woodrow A. Myers, Indiana's health commissioner. He believes Mr. Reagan should use the power of the presidency and his skills as the great communicator to calm the public. A preside chair or an AIDS baby in the president's lap could do wonders, Dr. Myers said.

BEYOND government and the health care industry, other segments of society are beginning to confront AIDS. Business, for example, is beginning to grapple with issues of job discrimination, sick leave, health insurance and the worries of co-workers.

"Within the last 12 months there has been a radical expansion of corporate awareness," said B.J. Stiles of the National Leadership Coalition on AIDS, which promotes business involvement on AIDS. A Fortune magazine survey of executives ranked AIDS among their top three concerns. The International Business Machines Corp. sent brochures to all 240,000 domestic employees. The Public Service Electric and Gas Co. of New Jersey has provided speakers, pamphlets and videotapes for its 13,000 employees.

Some private groups are finding AIDS a thorny issue. The U.S. Catholic Conference released a policy statement on AIDS in December, only to have its reference to condoms denounced by two cardinals. John J. O'Connor of New York and Bernard Law of Boston. Self-help efforts are growing. Groups like the Gay Men's Health Crisis, formed near the beginning of the epidemic in New York to help patients and lobby for better policies, have grown into major professional organizations. A host of smaller groups, local and national, have sprung up to help patients or push for desired laws.

Fund-raising efforts have drawn volunteers from celebrities like Elizabeth Taylor, to unknowns like Brent Earle, who last year ran 10,000 miles to publicize the cause. "As a country, we have denied that AIDS will sooner or later affect almost every one of us in some way until, now, there is an almost universal realization that it does," said Mr. Stiles.

And Dr. Joseph of New York City said, "The way mankind responds to crisis is first disbelief, then denial, then the third stage is mobilization, and we're at the horizon of that now."

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THURSDAY, FEBRUARY 18, 1988

INTERNATIONAL MANAGER

Consultants From West Training Soviet Managers

By SHERRY BUCHANAN International Herald Tribune LONDON — Soviet officials, in the effort to restructure their economy, have decided that their managers need to acquire the skills necessary to run profitable companies.

Now Western management consultants have started to train Soviet executives in the ways of the free market. In a modern socialist state, we must recognize that people have different capabilities, said Abel G. Aganbeyan, economic adviser to the Soviet leader, Mikhail S. Gorbachev, and author of "Perestroika" (Economica, Paris, 1987).

Mr. Aganbeyan was addressing graduate business students at the European Institute of Business Administration in Fontainebleau, France. He defined perestroika as modernizing and restructuring the 48,000 companies in the Soviet Union by diminishing the role of Gosplan, the state planning committee, by giving executives more power and responsibility and by pegging pay to performance.

About half of all Soviet companies are to be self-financing, Mr. Aganbeyan said, but even managers of companies that continue to be 100 percent owned by the government will have to learn to manage for profit.

Paul Hegedahl, manager of Time Manager International in Hillerod, Denmark, said, "With perestroika, there is a demand for training programs which will teach Soviet managers how to be effective and motivate their staffs."

Time Manager teaches executives how to organize their own work and motivate that of others. "We first started talking to Soviet officials four years ago after a Soviet journalist attended one of our seminars in Vienna, liked it and wrote about it," Mr. Hegedahl said. "But we only actually started giving seminars there once Soviet officials had decided to go ahead with the restructuring of their economy."

TIME MANAGER has given 12 company seminars in the Soviet Union in the past year and expects to start training Soviet executives to conduct the seminars. Time Manager's usual rate for giving seminars is \$3,000 a day.

Ella Andersen, assistant sales manager for Time Manager, said, "Soviet managers are extremely interested in what we have to say about being organized, efficient and improving the quality of their products and services." She had just returned from translating a seminar for 50 executives of Adagi, a large agricultural concern in Riga, Latvia, and will return next month to translate a seminar on quality improvement.

Mrs. Andersen, Soviet-born and married to a Danish executive, said the only modification to the course for the Soviet Union was the absence of stretch breaks accompanied by disco music.

Claudio Belli, president of the international sector of the Hay Group, a London-Milan management consulting firm, said Soviet managers were particularly concerned about improving service and distribution. Last week Mr. Belli met with Soviet officials, including Mr. Aganbeyan, to discuss setting up a joint venture by next year with the Soviet Academy of Science and Technology. The Hay Group expects to invest up to \$5 million in the Soviet Union over the next five years.

"We have a lot of experience in changing the mentality of people from a passive bureaucratic attitude to a pro-active and entrepreneurial outlook," Mr. Belli said.

He noted that the Hay Group had done just that for newly privatized British companies such as British Airways PLC and British Telecom.

Saudis Talk With Texaco

Are Said to Seek Big Refining Stake

By Warren Getler International Herald Tribune

LONDON — Saudi Arabia plans to buy a stake of about 50 percent in Texaco Inc.'s extensive U.S. refining operations along the Gulf of Mexico for more than \$1 billion, industry sources said Wednesday.

The planned joint venture, if arranged, would mark the Saudis' first major overseas refining investment at a time when many members of the Organization of Petroleum Exporting Countries are scrambling to find secure outlets for their crude amid glutted markets.

Texaco officials in New York said they "could neither confirm nor deny" the report. In selling off part of its assets, Texaco would be raising funds as part of its bankruptcy restructuring plan, which includes a \$3 billion payment to Pennzoil Co.

A final agreement between Petrotrin, the Saudi oil holding arm, and Texaco is expected to be reached within a month, the sources said.

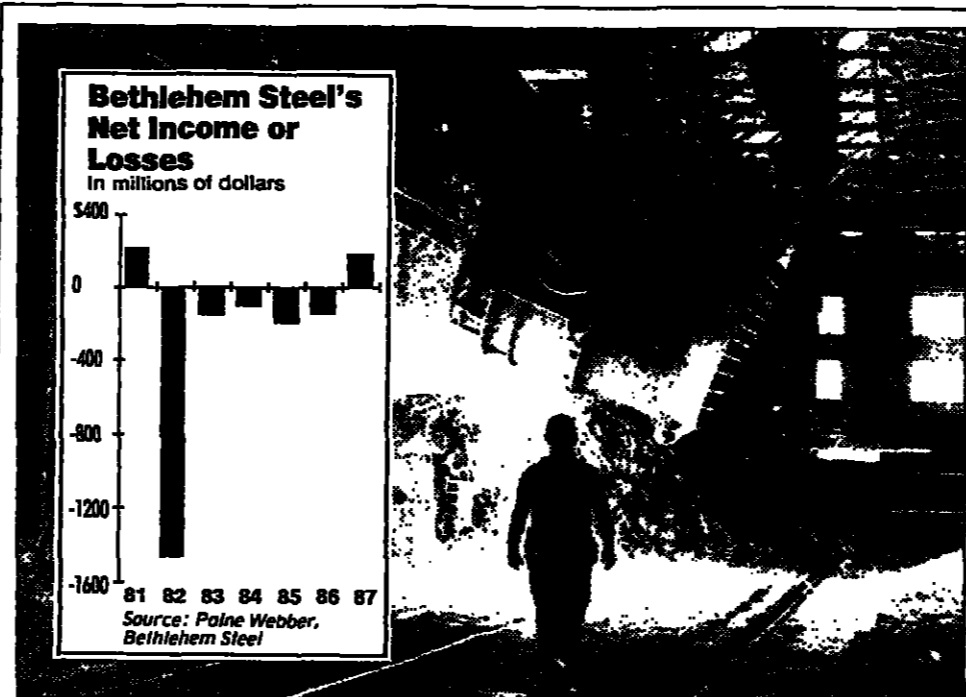
The sources, including Arab oil executives attending the Institute of Petroleum's annual conference in London this week and a Texaco executive who declined to be identified, said the joint venture would involve Saudi Arabia's buying around half the interest in a southeast U.S. refining network that produces about 600,000 barrels a day. Saudi production is about 4.3 million barrels a day.

On Jan. 8, Texaco announced that it was "aggressively moving forward with a restructuring plan involving the sale of on-going operations and joint ventures" in refining and marketing activities.

Venezuela and Kuwait are the only members of the 13-nation OPEC cartel that have established major refining operations outside their borders.

"With Kuwait and Venezuela and now this from Saudi Arabia, we're beginning to see the producers moving to set up the kind of integrated system that was operated by the major oil companies in the 1950s and 60s — from producing crude to selling petrol," said David M. Gray, a senior oil analyst with the London brokers James Capel & Co.

Saudi Arabia, the world's largest crude oil exporter, has large refining capacity at home, which is geared for domestic consumption. The kingdom is said to have been slow to move into refining activities abroad because it feared it did not have the management capability.



Bethlehem's defunct steel operation in Lackawanna, New York, a 1983 casualty of restructuring.

Bethlehem's Bit of Breathing Room

It Has Smoother Steel, Slimmer Costs — and a Profit

By Jonathan P. Hicks New York Times Service

BURNS HARBOR, Indiana — In a dimly lit control room overlooking Bethlehem Steel Corp.'s rolling mill here, colorful charts and graphs on computer screens detail the thickness, smoothness and temperature of the steel sheets being molded below.

The computers, part of a modernization effort on which Bethlehem has spent \$1 billion in the past three years, "allow us to do things easily that we never could do before," said Joseph L. Voyer, a general foreman.

"We can keep track of things better and it has improved the quality of what we produce," he said. "It has helped turn things around for the company."

Although the nation's third largest steelmaker has improved its product quality and slashed its operating costs, it is still weighed down by big debt and unfunded liabilities.

Nonetheless, it is enjoying its best days in years. Leaner operations, along with import quotas and the relatively weak dollar, have enhanced the ability of Bethlehem and other U.S. steelmakers to compete with foreign rivals.

Aided by fairly strong demand from domestic customers and relatively high prices, Bethlehem recently posted a net profit of \$174.3 million for 1987 — its first profitable year since 1981.

Bethlehem says its plant in Burns Harbor now needs less than three man-hours of labor, or two man-hours less than five years ago, to produce a ton of steel. That compares with an industry average of about five man-hours.

The situation is in dramatic contrast to the company's predicament of just two years ago, when Bethlehem was wracked by a weak steel market and staggering losses. Many analysts predicted that Bethlehem might be a general foreman.

"We can keep track of things better and it has improved the quality of what we produce," he said. "It has helped turn things around for the company."

Industry Output Rises in U.S. but Housing Is Slow

Compiled by Our Staff From Dispatches WASHINGTON — U.S. industrial production rose 0.2 percent in January while housing starts fell 1.9 percent, the government said Wednesday, in reports that underlined an increasing conflict between indicators of the economy's strength.

Housing starts fell to an annual rate of 1.377 million units, the lowest level since December 1982, toward the end of the last U.S. recession, the Commerce Department said.

The decline followed a steep 15.5 percent plunge in December, which was revised slightly upward. The department previously said that housing starts had dropped 16.2 percent in December to 1.374 million units.

The January data report confounded economists' expectations of a modest rebound to about 1.45 million.

The weakest link in housing was in starts of single-family homes, which fell 2.9 percent in January. The rate for buildings with five units or more fell 0.3 percent.

Mr. Regalia said that sluggishness in starts of multifamily structures had been expected and was likely to continue throughout the year because of overbuilding and tax law reforms that changed investment incentives. He said the outlook for single-family construction was somewhat brighter.

"If interest rates come down and income improves, we could have a reasonable pickup in that area," he said. "By March we're going to see some improvement."

The pace of home construction is reducing the huge U.S. trade deficit.

"These numbers do not reflect the decline of interest rates in last six weeks," he asserted.

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The pace of home construction is reducing the huge U.S. trade deficit.

Japanese Bid for California Bank Follows Investment Trend

By Douglas Frantz Los Angeles Times Service

LOS ANGELES — The proposed acquisition of Union Bank of California by a subsidiary of one of Japan's leading banks is the latest chapter in a story that is changing the financial industry in the United States.

The \$750 million investment by Bank of Tokyo Ltd.'s affiliate, California First Bank, follows a pattern in which Japanese banks and securities firms have followed manufacturing and real estate into direct investments in the U.S. economy.

In August 1986, Sumitomo Bank Ltd. proposed investing \$500 million in Goldman, Sachs, the Wall Street securities firm. The transaction was approved by the Federal Reserve Board only after repeated assurances from Sumitomo that it would not exercise any control over Goldman, Sachs.

Right after that came Nippon Life Insurance's investment of an identical amount in Shearson Lehman Bros. The \$350 million invested in Bank of America last year by a consortium of Japanese banks also was a passive contribution.

But the acquisition of Union Bank from its British owner, Standard Chartered PLC, will give Japanese banks control of 5 of the 10 largest banks in California. Control is what differentiates this type of transaction from the passive investments.

Representative Fernando J. St. Germain, a Rhode Island Democrat and chairman of the House Banking Committee, said that, "A manufacturing plant just manufactures whatever the product might be. That's an investment for profit. However, when we talk about the purchase of a bank, that's an investment for power."

William H. Davidson, a professor of international management at the University of Southern California who has written extensively on Japanese investment in the United States, said the Union Bank deal may represent a new era in Japanese investing.

"It may suggest a shift toward direct control," Mr. Davidson said. "Goldman, Sachs, Shearson Lehman, Bank of America, those have been minority positions, not controlling investments. This is a controlling investment, and we may see much more of this kind of thing in the future."

Japanese banks have made substantial inroads into the U.S. banking business. They accounted for 9 percent of the nation's banking assets in the middle of last year, according to the Federal Reserve, more than double their share at the start of the decade. Their share of commercial and industrial loans is increasing at a rate five times faster than the rate of U.S. banks.

Eight of the world's 10 largest banks are Japanese and the strong yen has given them enormous investment power.

The Japanese acquisition of California banks has been particularly irritating to big East Coast banks, which are prohibited by state law from buying California banks until interstate banking barriers come down here in 1991. However, the law does not apply to foreign banks or their subsidiaries.

Currency Rates

Table with columns for Currency, Bid, Ask, and other market data. Includes entries for American, British, French, German, Italian, Japanese, etc.

Other Dollar Values

Table showing values for various currencies like Swiss Franc, Australian Dollar, etc.

Forward Rates

Table showing forward rates for different currencies and time periods.

Interest Rates

Table showing interest rates for various financial instruments like Treasury bills, bonds, etc.

Key Money Rates

Table showing key money rates for different currencies and terms.

U.S. Money Market Funds

Table showing U.S. money market funds and their performance.

Generale Hits Record On Bourse

Compiled by Our Staff From Dispatches

BRUSSELS — The stock of Société Générale de Belgique, for whose control Carlo de Benedetti was fighting for a month, set a record on the Brussels Bourse Wednesday, on the third day of the Italian financier's public bid.

The holding company's stock price closed at a record high of 5,000 Belgian francs (\$140), up 140 francs from Tuesday's close and 1,000 francs above the price offered by Mr. de Benedetti in his public bid for a further 15 percent of Générale. Volume in Générale was higher than on Tuesday, with a total of 294,000 shares changing hands.

The rise took the price of stock in the huge conglomerate, Belgium's largest company, to 25 percent above the 4,000 francs per share that Mr. de Benedetti is offering. The offer was launched on Monday and continues until March 4.

Meanwhile, the French Du-ménil-Leblé group announced that it had sold its 10.8 percent stake in Générale to Cenus, Mr. de Benedetti's French holding company, giving the financier exclusive control of an 18.6 percent stake in the Belgium company.

Mr. de Benedetti says his allies hold a further 20 percent, giving him effective control over 38 percent of Générale's capital.

Analysts said on Wednesday that the decision to buy the Du-ménil-Leblé could be linked to behind-the-scenes negotiations under way in Paris between Mr. de Benedetti and rival Belgian and French groups to settle a monthlong battle for control of Générale.

They said it was possible that Mr. de Benedetti was buying the shares to resell later to a future partner who would collaborate with him in running Société Générale. If so, the move could indicate he had found such a partner.

One analyst said he thought the Italian entrepreneur would eventually be prepared to lower his own shareholding to 25 percent by selling shares to partners in order to make his takeover of the Générale more palatable to Belgium.

(AP, Reuters)

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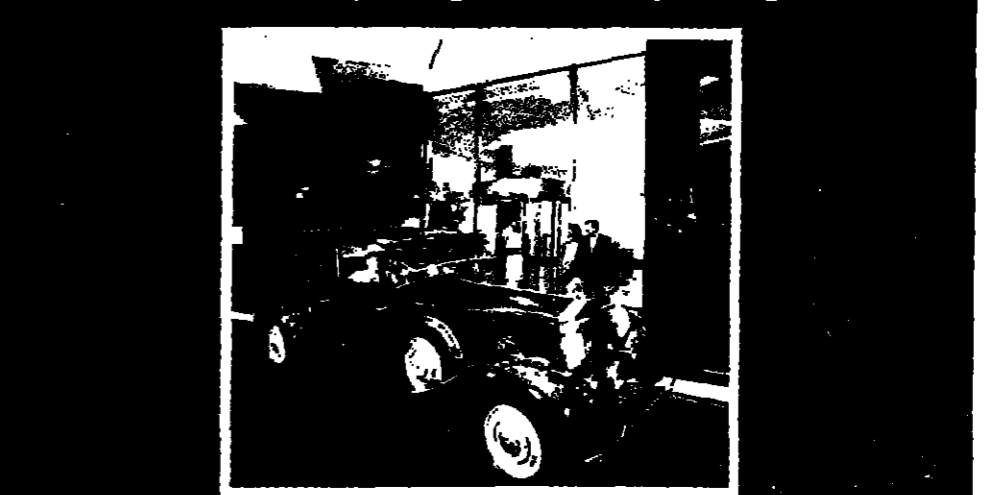
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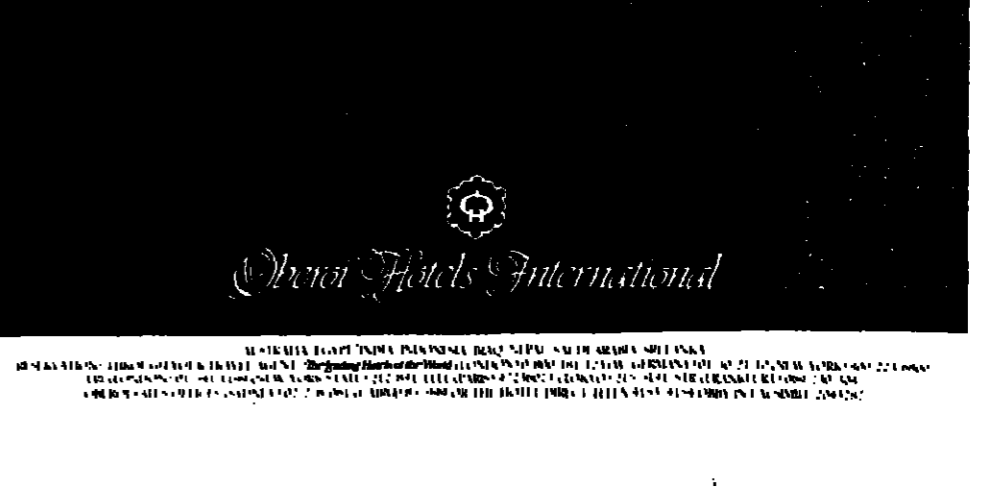


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NYSE Most Actives table with columns for stock symbol, volume, high, low, and change.

Market Sales table showing NYSE 4 p.m. volume, NYSE adv. volume, and other market statistics.

NYSE Index table showing Composite, Industrials, Finance, and other index components.

Wednesday's NYSE Closing logo and text: Via The Associated Press.

AMEX Diary table listing various market activities and prices.

NASDAQ Index table showing Composite, Industrials, Finance, and Utilities indices.

AMEX Most Actives table listing top trading stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing market events and price movements.

Odd-Lot Trading in N.Y. table showing buy and sell orders for odd lots.

Dow Jones Averages table showing the closing values for the Dow Jones Industrial, Transportation, and Utility averages.

Standard & Poor's Index table showing the closing value for the S&P 100 index.

NASDAQ Diary table listing market activities on the NASDAQ.

AMEX Stock Index table showing the closing value for the AMEX stock index.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Slips in Moderate Trading

NEW YORK — The New York Stock Exchange's five-session rally "ran out of steam" Wednesday as prices closed slightly lower in active trading.

The Dow Jones industrial average fell 4.98 to close at 2,000.99, after rising 27.10 on Tuesday. The Dow showed a 3-point gain shortly after 3 P.M., then dropped more than 15 points before cutting its losses in the final minutes.

The index, which had risen more than 110 points since Jan. 9, regained the 2,000 level Tuesday, the first close above that mark since Jan. 7.

Declines topped advances Wednesday by a narrow margin. Volume was 176.83 million shares, up from 135.38 million on Tuesday.

"The market just ran out of steam above the 2,000 level again," said Hildegard Zagorski of Prudential-Bache Securities Inc. "This has been a recurring theme since the October collapse. The Dow has moved above the 2,000 level several times and then turned back."

Broader market indexes also slipped. The New York Stock Exchange composite index fell 0.24 to 145.72. Standard & Poor's 500-stock index fell 0.62 to 259.21. The price of an average share lost 5 cents.

Ms. Zagorski said that confidence in the market had not returned and that investors now become leery when the Dow moves toward the upper end of its current trading range.

"When it approaches the upper end there is a knee-jerk reaction: 'Let's sell before they pull the plug again,'" she said. "This may be just a temporary setback. The broad market did not perform that badly."

Eugene Peroni Jr., the chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia, said: "We're looking for a move to the 2,020 to 2,050 range over the next three to five sessions. But I don't think it will be sustainable. 'There is too much emphasis,' he said, 'on the likelihood that interest rates will ease and that takeover rumors will translate into reality.'"

Mr. Peroni said the market was behaving in an orderly fashion, taking "two steps forward and one step back. There's some good backing and filling."

"There is some buying interest out there, he added, "but it is sharply focused on such things as takeovers and product developments. There is still quite a bit of caution and a lot of anxiety to capture quick moves."

"This is a trading-oriented market that seems to have little long-term conviction," he said. On the economic front, the U.S. Commerce Department reported that housing starts fell 1.9 percent in January to the lowest level since December 1982. In addition, the Federal Reserve Board said industrial production rose 0.2 percent last month.

Navistar was the most active NYSE-listed issue, gaining 1/4 to 4 1/2.

Federated Department Stores followed, down 2 to 6 1/2. Campeau Corp. of Toronto formally increased its hostile takeover offer to \$61 a share from its original offer of \$47 a share, but continues to offer \$66 for a friendly deal. Federated has rejected the bids in favor of a restructuring.

Table A: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table B: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table C: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table D: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table E: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table F: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table G: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table H: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table I: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table J: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table K: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table L: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table M: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table N: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table O: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

Table P: 12 Month High Low Stock Div. Yld. PE High Low Close Chg.

(Continued on next page)

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Weekly net asset value
Leveraged Capital Holdings N.V.
 on 16-2-1988 U.S. \$253.22
 Listed on the Amsterdam Stock Exchange
 Information: Persoon, Holding & Pierson N.V. Herengracht 214, 1016 BS Amsterdam. Tel. + 31-20-211888.

Weekly net asset value on
Energy Resources Growth Fund
 12-2-1988 U.S. \$31.51
 Listed on the Amsterdam Stock Exchange
 Information: Persoon, Holding & Pierson N.V. Herengracht 214, 1016 BS Amsterdam. Tel. + 31-20-211888.

Weekly net asset value
Tokyo Pacific Holdings N.V.
 on 15-2-1988 U.S. \$218.42
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Sony's Profit Tripled in Quarter

Reuters
TOKYO — Sony Corp. said Wednesday that group profit tripled to 20.73 billion yen (\$159 million) in the three months ended Dec. 31 from 6.8 billion yen a year earlier, buoyed by strong domestic sales and cost-cutting measures amid stable exports.

Sales rose 7.5 percent to 408.62 billion yen from 380.17 billion a year earlier, bolstered by a 23.3 percent jump in domestic sales. Although total overseas sales remained near last year's level for the same period, a company spokesman said, a stronger yen cut sales in the United States by 3.5 percent to 109.63 billion yen from 113.58 billion a year earlier.

But sales to Europe rose 7.7 percent to 96.15 billion yen from 89.31 billion a year earlier.

Industry analysts said Sony's recovery followed the trend for consumer electronics companies that have responded to the yen's rise by slashing costs, moving production overseas and gradually boosting overseas prices.

But they differed over whether Sony would be able to maintain the

same pace of recovery in the next quarter, when its results would reflect the \$2 billion acquisition of CBS Inc.'s record business, completed in January.

"There should be no strong impact next quarter," said Sansei Suzuki Rawle, an analyst at Barclays de Zoete Wedd Securities (Japan), noting that Sony had received favorable financing terms for the purchase.

But Virginia Kouyoumdjian, an analyst with Baring Securities Ltd., was more cautious. "It's a big hole in the kitty" of available cash, she said. "It could affect the next quarter."

BA Announces Decline in 3d-Quarter Profit

Reuters
LONDON — British Airways PLC Wednesday announced third-quarter pretax profit of £35 million (\$60.9 million), a 5.4 percent decline from £37 million a year earlier. Profit after tax was £23 million, compared with £36 million.

Sales for the third quarter amounted to £881 million, up 10 percent from £801 million a year earlier. BA's chairman, Lord King, said "normal trading losses" incurred in the fourth quarter would increase this year as a result of BA's £250 million acquisition of British Caledonian PLC.

Profit for the nine months ended Dec. 30 grew 52.7 percent, to 28.39 billion from 18.59 billion a year earlier, while operating income jumped to 46.33 billion from 9.13 billion.

Sales for the nine-month period grew 5.4 percent to 1.05 trillion yen from 998.58 billion a year earlier.

Audio equipment sales grew 15.6 percent, to 119.74 billion yen from 103.61 billion, boosted in part by robust sales of minicomponent stereo systems and compact disk players.

Sales of micro floppy disk systems, Japanese-language word processors and semiconductors also rose, the Sony spokesman said.

Profit for the nine months ended Dec. 30 grew 52.7 percent, to 28.39 billion from 18.59 billion a year earlier, while operating income jumped to 46.33 billion from 9.13 billion.

Canon Reports 20% Drop in Net for 1987

Reuters
TOKYO — Canon Inc., the big maker of cameras and business machines, reported Wednesday that parent company net profit for 1987 fell 20.3 percent, to 8.85 billion yen (\$68 million) from 11.11 billion yen in 1986.

Sales for the year were 578.64 billion yen, up 7.2 percent from 539.36 billion a year earlier. Earnings per share for 1987 were 14.80 yen, compared with 19.25 in 1986. Canon reported that current

profit was 20.41 billion yen, up 54.9 percent from 13.18 billion in 1986, and operating profit was 20.39 billion, compared with 4.55 billion.

The sharp drop in 1987 net profit was due to a tax payment of 9.06 billion yen, compared with a 149 million yen tax rebate received in 1986, a company spokesman said.

Canon has predicted parent company net profit of 11 billion yen this year. Current profit is estimated at 21 billion, on sales of 610 billion.

The company will retain a 10 yen dividend for 1988.

Canon's camera division sales, which account for 21 percent of total sales, rose 4 percent from a year earlier to 120.9 billion yen in 1987, the spokesman said. They are expected to rise again slightly in 1988, he said.

Office automation division sales, which account for 74 percent of total sales, rose 10 percent from a year earlier to 431.42 billion yen in 1987.

Analysts Say Firestone Sale Should Improve Its Earnings

Reuters
CHICAGO — Firestone Tire & Rubber Co.'s agreement to sell a majority stake in its tire business to Bridgestone Corp. of Tokyo for more than \$1 billion in cash will benefit stockholders and improve Firestone's earnings potential, analysts said.

Richard Henderson of Pershing & Co. said Tuesday that he expected Firestone's stock for its remaining sectors — auto service businesses, plastics and chemicals — to command a multiple of up to 12 times earnings, compared with the 8 times earnings that Firestone has had recently.

He called the sale an "extension" of the philosophy of John J. Newin, the chairman, of "maximizing shareholder value."

Firestone stock closed up \$9.29 at \$45 Tuesday on the New York Stock Exchange after it said it had reached agreement in principle to sell 75 percent of its worldwide tire business to Bridgestone. The business will be operated on a joint-venture basis.

Firestone said it would distribute a "very substantial portion" of the \$1 billion in cash to stockholders.

"It has to be a positive for stockholders," said Robert Hedrick of Eppler Guerin & Turner Inc.

The company does not break down income but said tires made up 65 percent of its \$3.9 billion in fiscal 1987 net sales.

Mary Anne Sudol, an analyst with Fitch Investors Service Inc., said she saw "quite a bit" of growth potential in Firestone's Mastercare auto service business.

"There's a huge fleet out there, maybe 125 million vehicles that on average are seven and

a half years old. They'll need a lot of servicing," Miss Sudol said.

The business has about 1,500 retail outlets in the United States.

A McDonald & Co. analyst, Harry Millis, said he was skeptical about the long-term growth prospects for Firestone's auto repair business. "While there is a need in that business, it is highly competitive," he said, adding that large profits were hard to obtain unless the company makes its own auto parts.

For the same reason, Mr. Millis welcomed the news that Firestone would retain a 25 percent stake in its tire business. "It leaves Firestone with an assured supply for its retail and service operations," he said.

He predicted that the joint venture would continue to contribute half of Firestone's earnings.

Fastest Computer Chips Yet Are Reported by NEC, IBM

Compiled by Our Staff From Dispatches
SAN FRANCISCO — NEC Corp. and International Business Machines Corp. both laid claim Wednesday to the world's fastest computer chips, but of two different types.

In Tokyo NEC, one of Japan's leading electronics companies, said it had developed a one-kilobit random access memory chip with an access time of 570 trillionths of a second. It is used with superconductors, which require cooling with liquid nitrogen to several hundred degrees below zero.

The chip is five times faster than similar devices and hundreds of times faster than other types of chips with speeds measured in billions of seconds, the company said. The chip, measuring six millimeters (0.2 inches) square, has a low power consumption.

It was to be reported in detail at a technical meeting, the International Solid-State Circuit Conference, opening Wednesday in San Francisco.

At that opening session, IBM announced that it had developed an experimental dynamic memory chip, the world's fastest of its kind, with an access time of 20 billionths of a second, three times faster than the current generation of advanced dynamic random access memories, or DRAMs, a commonly used chip.

IBM said the new development shows that DRAMs can attain speeds approaching those of their high-speed cousins, static random access memory chips, or SRAMs. (UPI, AFP, IHT)

IBM said the new development shows that DRAMs can attain speeds approaching those of their high-speed cousins, static random access memory chips, or SRAMs. (UPI, AFP, IHT)

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	Year	1987	1986
British Airways	Revenue	2,219	2,019
	Net Inc.	(1,852.2)	571
	Per Share	0.31	0.91
United States	Revenue	1,220	1,250
	Net Inc.	121	23
	Per Share	1.02	0.31
Bally Manufacturing	Revenue	423	377
	Net Inc.	73	161
	Per Share	1.20	1.50
Cincinnati Milacron	Revenue	1,210	1,220
	Net Inc.	123	123
	Per Share	1.02	1.02
CIGNA	Revenue	1,413	1,413
	Net Inc.	498	498
	Per Share	7.25	7.25
ITT	Revenue	5,200	4,700
	Net Inc.	470	470
	Per Share	3.01	3.01
Sears Roebuck	Revenue	4,472	4,472
	Net Inc.	368	368
	Per Share	0.60	0.60
Fujitsu Industries	Revenue	2,173	2,173
	Net Inc.	269	269
	Per Share	0.57	0.57
Westdeutsche Landesbank	Revenue	1,148	1,148
	Net Inc.	114	114
	Per Share	1.14	1.14

ADVERTISEMENT
THE DAI-ICHI KANGYO BANK LTD.
 (CDBs)
 The undersigned announces that as from 23th February 1988 at Kas Associates N.V., Spuiswal 172, Amsterdam, div. op. no. 32 (incorporated by an "Affidavit") of the CDBs The Dai-ichi Kangyo Bank Ltd., will be payable with Dfls. 4.54 net per CDB, resp. 100 shs. and with Dfls. 45.50 net per CDB, resp. 1,000 shs. (div. per re-constitute 30.09.1987; gross Yen 3.73 pshs.) after deduction of 15% Japanese tax = Yen 56.25 = Dfls. 0.83 per CDB, resp. 100 shs., Yen 562.50 = Dfls. 8.30 per CDB, resp. 1,000 shs., without an Affidavit 20% Jap. tax = Yen 75. = Dfls. 1.10 per CDB, resp. 100 shs., Yen 750. = Dfls. 11. per CDB, resp. 1,000 shs., will be deducted. After 31.03.1988 the div. will only be paid under deduction of 20% Jap. tax resp. Dfls. 4.27; Dfls. 42.70 net per CDB, resp. 100 and 1,000 shs., each in accordance with the Japanese tax regulations.
AMSTERDAM DEPOSITORY COMPANY N.V.
 Amsterdam, 8th February 1988.

BETHLEHEM: By Slashing Costs and Eking Out a Profit, U.S. Steelmaker Gains Breathing Room

(Continued from first finance page)
 forced to follow such competitors as Wheeling-Pittsburgh Steel Corp. and LTV Corp. in seeking bankruptcy protection from creditors.

But Bethlehem, which had losses of more than \$2 billion from 1982 through 1986, had nearly \$700 million in cash at the end of last year. It used part of that to pare its long-term debt to \$732 million, from \$1.1 billion.

Bethlehem's stock closed Tuesday at \$18.50, up from a 1986 low of \$6. And last month, Standard & Poor's raised the steelmaker's senior-debt rating to B from CCC-plus and its subordinated-debt rating to CCC-plus from CCC-minus.

That its ratings are still speculative grade underlines the tentativeness of its recovery. "Bethlehem is one of the companies that will be the most vulnerable to downturns,"

said John Jacobson, an economist with Wefa Group, an economics consulting firm in Bala-Cynwyd, Pennsylvania.

Walter F. Williams, the plain-spoken engineer who has been Bethlehem's chairman since 1986, asserts that his company could weather a modest economic downturn. Only a long recession, he said, would derail its recovery. "I am highly bullish on our role in the steel business," he said. "We have made progress in every area."

In the past three years, Bethlehem has spent \$700 million to modernize its sprawling operation in Burns Harbor, which lies in the steelmaking corridor just east of Gary, Indiana. That amount included \$240 million for a new continuous caster, which produces steel for more than 25 percent less than the traditional method.

Bethlehem also has spent \$550 million on its big facility at Sparrows Point, Mary-

land, where a continuous caster began operating in January. And at a smaller plant near its headquarters in Bethlehem, Pennsylvania, the company spent \$250 million over two years to improve a mill that makes structural steel and to install computer-aided design equipment that helps monitor and control quality.

This sweeping modernization occurred while the company's annual production capacity slid to its current 16 million tons from 22 million tons in 1982. Its work force has been nearly halved, to the current 34,500 from 67,000 in 1982.

During the past six years, Bethlehem has reduced its operating costs by more than 25 percent, to about \$130 a ton, and customers say the company is making better steel. "Bethlehem now offers as good a product as is available in the United States," said

the purchasing manager for a large machinery manufacturer in the Midwest.

Steelworkers, who long complained of what they called draconian working conditions and an imperious management style, say labor relations have improved.

In the past two years, Bethlehem has been holding sessions aimed at involving workers more deeply in the drive to improve productivity. The forums have contributed to the company's overall progress, according to Bethlehem officials and the United Steelworkers of America union.

Analysts note that Bethlehem's 1987 earnings received a one-time lift from an investment-tax credit refund of \$130 million. They also point out that Bethlehem is still weighed down by a huge debt and an unfunded pension liability of \$1.9 billion.

One problem in recent years has been Bethlehem's product mix. The company

depends more heavily than its domestic rivals on the heavy steel that goes into machinery and heavy structures and less on the flat-rolled steel that goes into automobiles and appliances.

Still, orders for many types of steel remain strong, and customers are reporting shortages for products ranging from the plate steel used in ships and machinery to the galvanized sheet steel used in autos.

Some analysts say a recession would not necessarily spell big trouble for Bethlehem. Hans Mueller, an economist and consultant, believes prices might not plummet as they did in the early 1980s. Import quotas should keep foreign steelmakers at bay, he said. And the U.S. industry has slashed its capacity by about 25 percent in the past five years, putting companies in a better position to refrain from price-cutting, he added.

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CURRENCY MARKETS

Dollar Slips in Narrow N.Y. Trading

NEW YORK — The dollar closed fractionally lower Wednesday in New York after trading narrowly in a market that has been stabilized by the December narrowing of the U.S. trade deficit.

London Dollar Rates table with columns for currency, bid, and offer rates.

It ended in London at 1.7061 DM, down slightly from 1.7080 DM at Tuesday's close, and at 130.25 yen, up fractionally from 130.25.

Bank of Japan Tries to Counter Rate Predictions

TOKYO — The Bank of Japan pumped liquidity into the money market Wednesday to dampen expectations that short-term interest rates were headed higher, central bank officials said.

Skittishness Keeps U.K. Stocks in the Doldrums

LONDON — Prices on the London Stock Exchange edged up since the market collapsed in October, but dealers report that the volume of trading is still depressed and little new money is being pumped in.

Dealers said the small amount of business being conducted in London was mainly confined to portfolio adjustment and switching operations. They said there was little actual trading.

The slump in volume also is hitting the commission earnings of securities houses that trade stocks, reinforcing expectations that the market collapse would lead to a major shake-out.

Economists Say Japan Could Adapt to Further Rise in Yen

TOKYO — Japanese companies are well positioned to cope with a further increase in the value of the yen because of the restructuring they have undergone to handle the currency's rise in the past two years, according to economists.

But the stronger currency did hurt the economy, cutting into the sales and profits of Japanese exporters and slowing economic growth almost to a halt in the April-June quarter of 1987.

The government gave full backing to exporters wishing to compensate for the yen's surge by extending low-interest loans to the companies to help them sell more at home.

West Germany also has reported that the dollar's fall and the rise of the Deutsche mark has had less impact on the economy than had been predicted.

EC Sees Slower Growth but No Recession U.S. Output Rises

BRUSSELS — The economic growth rate in the 12-nation European Community will drop below 2 percent this year and in 1989 as a result of the stock market crisis last fall, a report to be released Thursday said.

West Germany is widely seen as the locomotive of European growth, but recent sluggish growth forecasts have led to increased international criticism of Bonn's policies.

Output of durable goods, items expected to last at least three years, showed no change in January as the 7.4 percent decline in production of cars offset strength in other sectors.

Large financial table with multiple columns for stock prices, dividends, and company names. Includes a 'Wednesday's OTC Prices' section.

Wednesdays
AMEX
Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.
Via The Associated Press

12 Month High Low Stock Div. Yld. PE 52 High High Low Close

12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close
71 45% A-amr 4.95 8.1	118 41% A-1 1.00 1.0	179 4% ConCo 2.00 2.4
72 48% A-ak 2.66 5.1	119 42% A-2 1.00 1.0	180 4% ConCo 2.00 2.4
73 48% A-ak 2.66 5.1	120 43% A-3 1.00 1.0	181 4% ConCo 2.00 2.4
74 48% A-ak 2.66 5.1	121 44% A-4 1.00 1.0	182 4% ConCo 2.00 2.4
75 48% A-ak 2.66 5.1	122 45% A-5 1.00 1.0	183 4% ConCo 2.00 2.4

12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close
184 4% ConCo 2.00 2.4	341 4% ConCo 2.00 2.4	500 4% ConCo 2.00 2.4
185 4% ConCo 2.00 2.4	342 4% ConCo 2.00 2.4	501 4% ConCo 2.00 2.4
186 4% ConCo 2.00 2.4	343 4% ConCo 2.00 2.4	502 4% ConCo 2.00 2.4
187 4% ConCo 2.00 2.4	344 4% ConCo 2.00 2.4	503 4% ConCo 2.00 2.4
188 4% ConCo 2.00 2.4	345 4% ConCo 2.00 2.4	504 4% ConCo 2.00 2.4

12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close
505 4% ConCo 2.00 2.4	664 4% ConCo 2.00 2.4	823 4% ConCo 2.00 2.4
506 4% ConCo 2.00 2.4	665 4% ConCo 2.00 2.4	824 4% ConCo 2.00 2.4
507 4% ConCo 2.00 2.4	666 4% ConCo 2.00 2.4	825 4% ConCo 2.00 2.4
508 4% ConCo 2.00 2.4	667 4% ConCo 2.00 2.4	826 4% ConCo 2.00 2.4
509 4% ConCo 2.00 2.4	668 4% ConCo 2.00 2.4	827 4% ConCo 2.00 2.4

12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close
828 4% ConCo 2.00 2.4	987 4% ConCo 2.00 2.4	1146 4% ConCo 2.00 2.4
829 4% ConCo 2.00 2.4	988 4% ConCo 2.00 2.4	1147 4% ConCo 2.00 2.4
830 4% ConCo 2.00 2.4	989 4% ConCo 2.00 2.4	1148 4% ConCo 2.00 2.4
831 4% ConCo 2.00 2.4	990 4% ConCo 2.00 2.4	1149 4% ConCo 2.00 2.4
832 4% ConCo 2.00 2.4	991 4% ConCo 2.00 2.4	1150 4% ConCo 2.00 2.4

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 17th Feb. 1988

Net asset value quotations are supplied by the Funds listed with the exception of some mutual funds on issues price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - quarterly; (i) - irregularly.

AL-AMAL GROUP	WINCHESTER HOLDINGS	GSAM INTEREST INC	EUROSELECT
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD	GSAM INTEREST INC	EUROSELECT
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD	GSAM INTEREST INC	EUROSELECT
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD	GSAM INTEREST INC	EUROSELECT
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD	GSAM INTEREST INC	EUROSELECT

Other Funds

AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD
AL-AMAL TRUST, S.A.	WINCHESTER HOLDINGS LTD

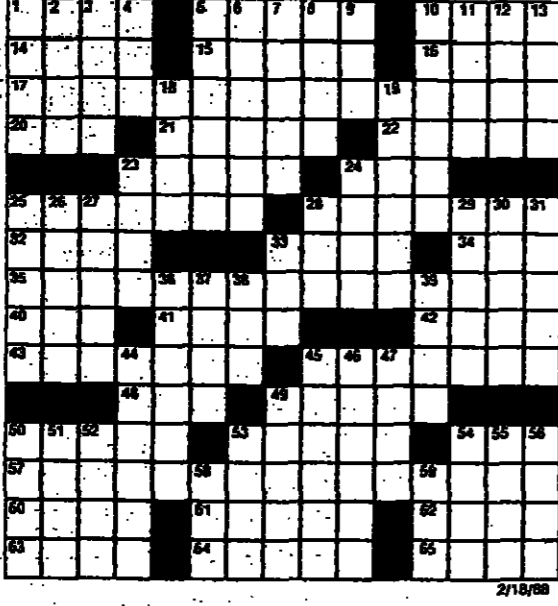
Floating-Rate Notes

Feb. 17

Dollars	Swiss Franc	Deutsche Mark	Japanese Yen	Pounds Sterling
1.0000	1.6667	3.3333	100.0000	0.7667
1.0000	1.6667	3.3333	100.0000	0.7667
1.0000	1.6667	3.3333	100.0000	0.7667
1.0000	1.6667	3.3333	100.0000	0.7667
1.0000	1.6667	3.3333	100.0000	0.7667

12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close	12 Month High Low Stock Div. Yld. PE 52 High High Low Close
1151 4% ConCo 2.00 2.4	1310 4% ConCo 2.00 2.4	1469 4% ConCo 2.00 2.4
1152 4% ConCo 2.00 2.4	1311 4% ConCo 2.00 2.4	1470 4% ConCo 2.00 2.4
1153 4% ConCo 2.00 2.4	1312 4% ConCo 2.00 2.4	1471 4% ConCo 2.00 2.4
1154 4% ConCo 2.00 2.4	1313 4% ConCo 2.00 2.4	1472 4% ConCo 2.00 2.4
1155 4% ConCo 2.00 2.4	1314 4% ConCo 2.00 2.4	1473 4% ConCo 2.00 2.4





ACROSS
1 Lettuce type
5 Soap plant
10 Earp weapon
14 Chicken
15 Stuffed
16 Cosmetic ingredient
17 Mckenzie
20 Drain
21 Part invented by Barrie
22 Redford is one
23 Farm
24 Dramatic suffix
25 Happens
28 Halted
32 Roman war
33 Boulders
34 Stop
35 Quote: Part II
40 British ref. book
41 An Algonquian
42 Network of nerves
43 Squash
45 Scorpio's heart
48 Hairpiece
49 Germ cell
50 Capital
53 Composer Erik
54 Warburton's friend, with "The"
57 End of quote
80 One of three
81 Delusion's partner
82 Swill
83 Loom part
84 Unit
85 Yorkshire river
DOWN
1 Dog before
2 Khans
3 End products of snips, snails and certain tails
4 A word from Marley's partner
5 Too
6 Dull surfaces
7 The...
8 Lascivious look
9 Old English letter
10 Saw at poker
11 Airplane's
12 of meat
13 Care for
18 Translucent silica
19 Khakass, for one
23 Avon resident
24 An official language of Pakistan
25 "With a little luck"
26 A Barrymore
27 "I cold and scarve a fever"
28 Fire
29 Born follower
30 Growing out
31 Oasis products
33 Young Fidel's
36 Navigation instrument
37 Chemical suffix replaced by ide
38 D.D.E. in W.W.
39 Dies
44 Like many tabloids
45 Wingless
46 Female aphid
47 Spread a rumor
48 Waste allowance
49 "Bonjour" author
50 Clerical garb
51 Word after corn or oat
52 Medieval weapon
53 Chinese: Comb. form
54 Elba reversal
55 Kind of gin
56 up (Invigorate)
58 Mil. decoration
59 Adherent

© New York Times, edited by Eugene Malachuk

DENNIS THE MENACE



HOW 'BOUT READING ME SOMETH'N EXCITING, WHERE JEREMY DON'T END UP LITTLE HAPPY EVER AFTER?

JUMBLE

A word game section with a grid of letters and instructions. Includes words like DAKEB, BYASS, RETAIS, NORIS.

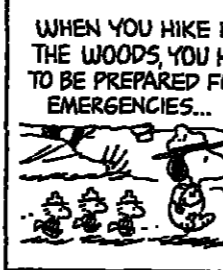
Answers tomorrow: What the said to the invisible man: YOU'RE OUTTA SIGHT!

WEATHER

Weather forecast table for Europe, Asia, Africa, Latin America, North America, Middle East, Oceania, and Japan.

THURSDAY'S FORECAST: CHAMFRONT: slight; Frankfurt: cloudy; London: cloudy; Madrid: cloudy; Paris: cloudy; Rome: cloudy; Tokyo: cloudy.

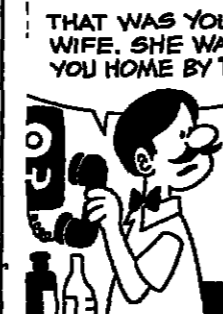
PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



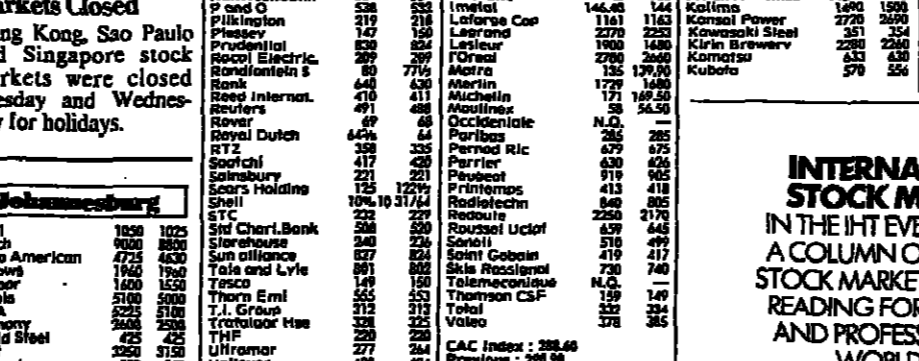
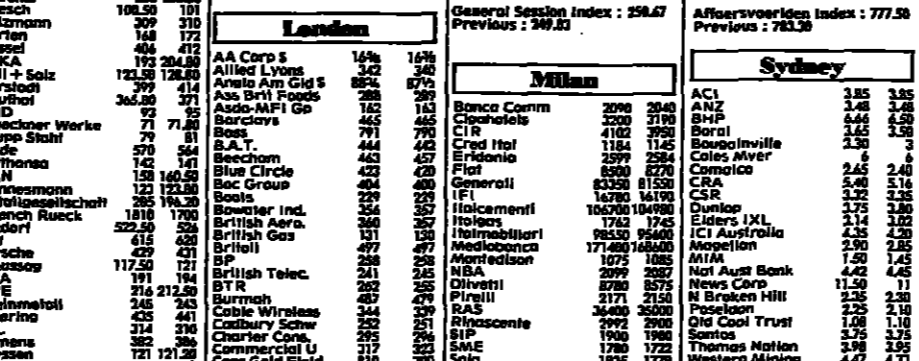
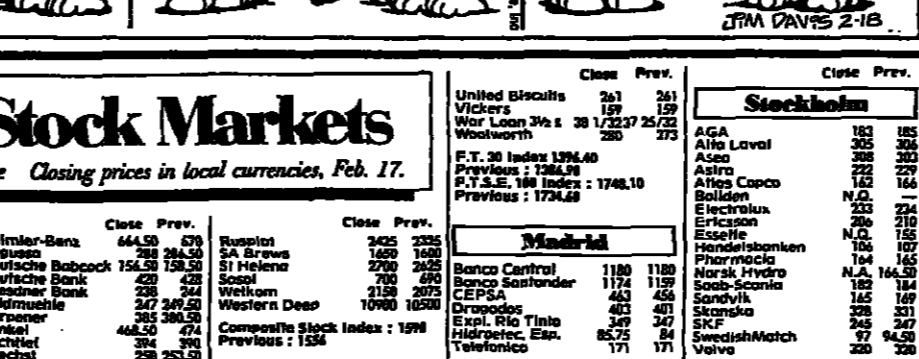
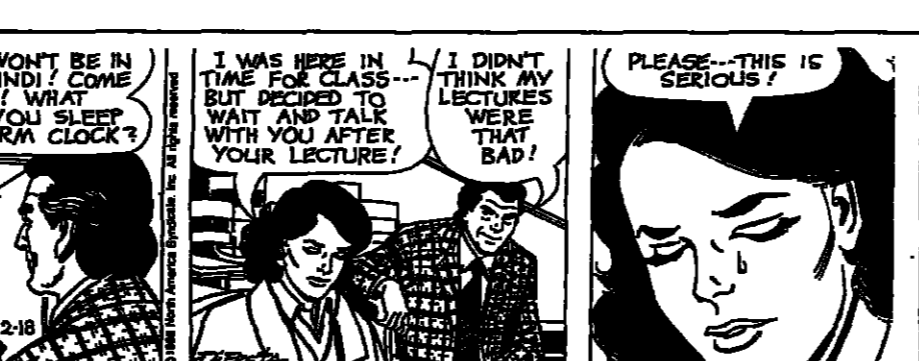
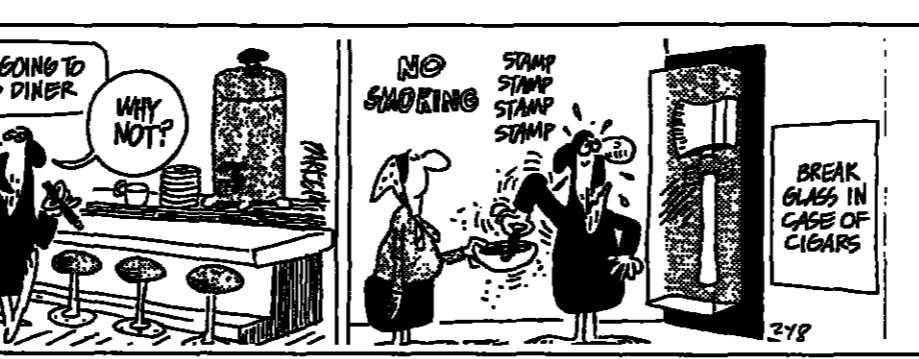
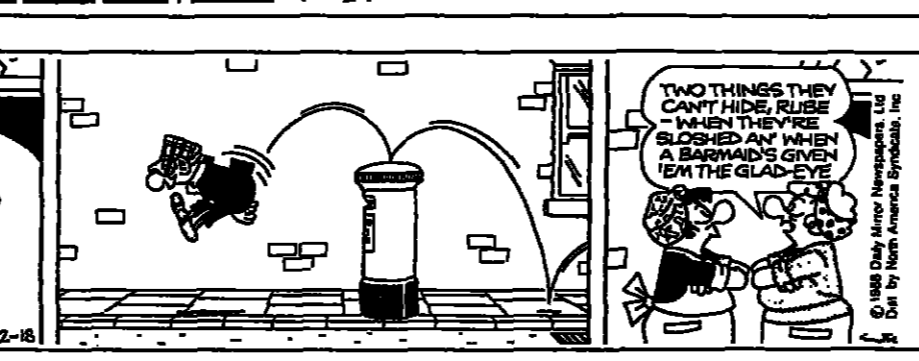
WIZARD of ID



REX MORGAN



GARFIELD



BOOKS

WIND STAR: The Building of a Sailskip

By Joseph Novitski. Illustrated. 242 pages. \$19.95. Macmillan, 866 Third Avenue, New York, N. Y. 10022.

Reviewed by Christopher Lehmann-Haupt

INNUMERABLE as the fish in the sea are the number of ships that have been built in human history. Why then do we need Joseph Novitski's entertaining "Wind Star: The Building of a Sailskip"? Because it tells an unusual story, a story not of progress forward but of progress achieved by a return to the past.

In 1982, when Karl Andren, a rising New York City businessman, began to look around for something new to invest in that would relate to his ownership of the Hudson River Circle Line, he took a calculated gamble.

It is particularly good on the details of technology, and he involves us dramatically in the obstacles tossed up by the building of "Wind Star," whether they were adjusting a turnbuckle well suspended in mid-air or welding the aluminum masts without twisting them into giant corkscrews.

In the end, all the obstacles were surmounted, obviously. The "Wind Star" cruised ably under either power or sail, and best of all when the two were combined. Her computer, programmed to "panic" when she heeled by 8 degrees or more, finally learned to manipulate her hydraulically powered rigging.

But the most exciting moment of her life—and one of the book's better written passages—occurs upon the completion of the steel hull in Le Havre and the cutting of the holding plates.

You want to cheer. You also want to go sailing.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Solution to Previous Puzzle

A crossword puzzle solution grid with words like CLASP, SCAT, COPT, HASTE, HASH, ASIA, ATHOS, BETA, TANS, THEATRICAL, SKAT, LAKH, INCASE, HAMLET, ONAIR, ALTE, ESNE, PAEON, DOGFISH, SWADDE, JESTS, OATH, LOGO, HIDES, ICEMAN, ELFASO, PUSH, LORN, GLITTERATI, APOT, TORI, CANAL, NEVE, ABEL, KNACK, DRED, GORE, SITKA.

BRIDGE

By Alan Truscott

IT is often important to make a crucial play without any revealing hesitation, and declarers often plan ahead, making the decision mentally a few tricks before the fact.

Defenders should do the same, but seldom make the effort, perhaps unaware that an effort is required. This explains why some brilliant defensive moves appear in the literature but not at the table.

When the opportunity arises, the defender is not ready and cannot think quickly enough.

Consider the diagramed deal offered some years ago by Robert Ewen, who has made substantial contributions to the literature of the game.

South has the diamond queen, the defense will prevail, so West assumed that South has that card. If South has five clubs, he will succeed if one entry is enough and not otherwise. The crucial situation, West decides, occurs when South has four cards in each minor and is missing a club honor. Having worked this out, West finally unlocks his heart ten, and everyone wonders why he took so long to do the obvious.

South now plays the king and queen of diamonds, and West is ready; he drops the diamond jack and South stops to think in his turn. It seems to him that the jack is an obvious doubtless, so he overtakes

with dummy's ace. This gives him the extra entry he will need if East has four clubs headed by the king, South is deflected, however, when East discards on diamonds. A contract that was due to make has now failed because South was deflected by West's brilliant deception. Some day a defender who is willing to do his thinking ahead will make this play and earn a little immortality.

Both sides were vulnerable. The bidding: South: West: North: East: 1NT: Pass: 3NT: Pass: Pass: Pass: West led the heart jack.

North: 4-103, 4-103, 4-103, 4-103. East: 4-103, 4-103, 4-103, 4-103.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Feb. 17.

Large table of stock market data for various countries including Amsterdam, London, Paris, Frankfurt, Zurich, Tokyo, and others. Lists various stocks and their prices.

INTERNATIONAL STOCK MARKETS IN THE HHT EVERY TUESDAY. A COLUMN ON NON-U.S. STOCK MARKETS. ESSENTIAL READING FOR INVESTORS AND PROFESSIONALS - WORLDWIDE



ART BUCHWALD

Israel's Rocky Road

WASHINGTON—Things are getting tense, not only in Israel, but in the United States, over the riots on the West Bank. No matter where you stand you're in the wrong place.



Buchwald

"I don't want to talk about it," I said. "All I know about killing is what I see on TV. Only they tell you half of what is going on. They don't show what the other side is doing."

"Do you see anything wrong with rubber bullets?" Jeffrey wanted to know. "Nothing, if used in moderation. Rubber bullets save lives."

"I agree with everything that's going on," I said, "otherwise why would Israel be getting such good press?"

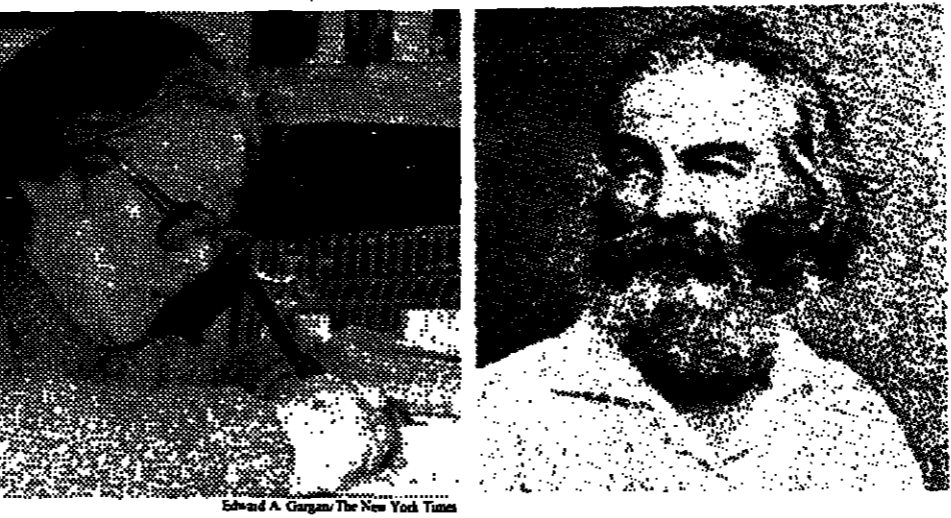
European Cities to Host Dallas Art Collection

DALLAS—The Nasher collection of modern sculpture, which has just ended an exhibit at the National Gallery in Washington, will travel to Europe this summer.

"I'm for it 100 percent," Jeffrey said. "Because if you're not for us, then you're against us."

Chinese Leaves of Whitman

By Edward A. Gargan



Translator Zhao Luorui has been working on Walt Whitman's "Leaves of Grass" for 10 years.

BEIJING—Her desk is small. A table really, its grainy rosewood polished by her palms, the frayed bindings of dictionaries, the tissue-thin paper she fills with tiny ideograms.

late 1930s caused a stir among Chinese intellectuals. "I said I couldn't do it."

They say yes or no. Very rarely I don't agree with them.

"I began reading all the scholarly works on Whitman. Then I read Whitman, both his prose and poetry. Then I began right from the beginning."

ANNOUNCEMENTS

Don't miss our annual SPECIAL REPORT INTERNATIONAL EDUCATION which will be published February 20th, 1988

REAL ESTATE FOR SALE

PARIS & SUBURBS 5th POLYTECHNIQUE Small building, approx 250 sqm, 55 sqm basement.

INTERNATIONAL CLASSIFIED

EMPLOYMENT GENERAL POSITIONS WANTED DYNAMIC SWISS, 50, Young V.P. - FINANCE Experienced in controlling MIS, strategic planning, research, operations, venture capital, cost reduction, etc.

International Business Message Center

ATTENTION EXECUTIVES Publish your business message in the International Business Message Center, where more than a third of a million readers worldwide will see your message.

PEOPLE

Oscar Nominations

"The Last Emperor," the tragic saga of China's boy emperor, Pui Yi, captured top honors with nine nominations Wednesday for the 60th Motion Picture Academy Awards.

Imelda Marcos's celebrated shoes and clothing drew the largest crowds, though not the highest bids, at an auction of items from the Manila apartment that was once a home for the ousted Philippine leader Ferdinand Marcos.